BUSINESS WEEK

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Price-fixing—the dangerous game

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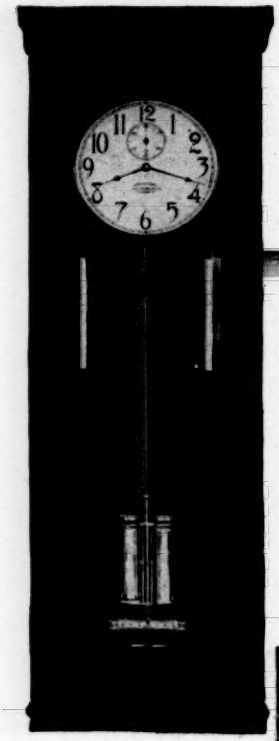

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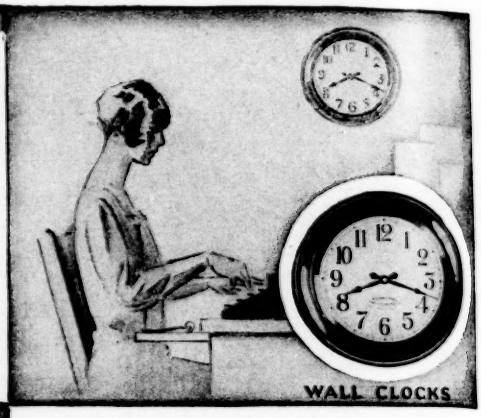

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THE
BUSINESS WEEK

A JOURNAL OF BUSINESS NEWS AND INTERPRETATION

NEWS OF THE WEEK ENDING FEBRUARY 22, 1930

WHAT'S IN THIS ISSUE—AND WHY

We are buying cash wheat to support the market. Canada finds England discouragingly reluctant to help her. Central European wheat growers flirt with the idea of sitting in the game. It is all very exciting, and, as we have said before, the boldest bit of experimenting this nation ever has attempted.

Steel seems ready to explode into new markets. Chemist and metallurgist are evolving new alloys, new uses, new processes at a bewildering rate. Significantly, Eaton builds his new merger on patents, not tonnage.

Through strike after strike, our fourth largest manufacturing industry —clothing—struggles painfully out of picturesque chaos. Few labor movements have been so carefully planned.

What a gorgeous fight the oil men are having! What's it all about? That's easy—overproduction. What has happened? That's harder—events move so fast.

One by one, the family-owned businesses yield, take the public into partnership. After 65 years, Marshall Field's offers stock for sale.

New low rates are, at last, crowding the air liners. The public evidently will fly when it's cheap enough. Can the low rates be maintained?

Railroads now see their job begins at the shipper's door, ends only at the consignee's. Over many hurdles, mostly legalistic, they are working toward their goal.

Russia plans to have her own ships, buys five from us, has ambitious ideas on the sea as on land.

Industry is using the Mississippi river barge line more and more. It may be significant of changes to come, notably a diversion of traffic from east to south.

Double taxation throttles international business. Secretary Mellon wants to break its strangle-hold, asks business men to help formulate plans.

Rails soon will creep toward our last great virgin forest where tower trees 275 feet high. It will take two years to build the 55-mile line.

Steel moves toward closer unity abroad, through cartels in which, despite secrecy, it is clear some American producers are involved.

There's a lively fight over your morning coffee. Eleven great concerns want your business. And prices keep sinking.

Advertising agencies, responding to the reawakened interest in foreign markets, set up branches abroad—and have their troubles doing it.

He reaches for sales, instead of for sweetness. His advertisements enrage competitors, Congress, the Federal Trade Commission. But George Washington Hill goes his way unmoved—enjoys it all.

Business Outlook

RECOVERY in steel and automobiles has gone on steadily until these basic industries are nearing normal levels for the season, if we forget what was happening in 1929. But, extracting all the comfort possible from the January upturn in these fields, the fact remains that the progress of general business back toward normal is disappointingly slow.

Building, except public works and utilities, so far shows little sign of marked advance, which may perhaps be discounted on seasonal grounds. But carloadings and check-money turnover—the most general trade indicators—are still lagging painfully, although the ultra-microscopic statistician may derive some encouragement from the fact that the February deficits against past years are slightly diminishing.

The unexpected commodity price deflation since the market crash has apparently given a second and more serious shock to business itself. This is a deferred result of credit restriction a year ago, which still persists. To offset it and hasten business recovery, prompt further easing of money is necessary. The reduction of member bank borrowings, weakness of foreign exchanges, slackness of foreign borrowings, feebleness of the bond market, and the impending inflow of gold all point in this direction. The creeping bear disguised in the selected stock averages is still too active to justify any fear of raising another rampant bull market very soon.

Decline In Staples Threatens World Buying Power

THE most important news this week, so far as the future prospects of American business are concerned, is the information of many different kinds that is drifting in piecemeal from all over the world like clouds rising over the horizon, no larger than a man's hand now, but probably important later on.

Foremost are the effects of the world-wide decline in prices of staple commodities and raw materials which has been going on for several months but has been increasingly drastic since the end of last year. This slump in the great staples of international trade was thought at first to be merely a reflection or consequence of business recession. But, while business recession accentuated it, there was probably something more fundamental behind it; and it has gone so far that, as at times in the past, it threatens to become an active cause rather than a consequence.

The decline in agricultural prices has not affected—and will probably not greatly affect—the purchasing power of American farmers, who have marketed the larger part of their crops for this summer and who are being aided, anyway, by government funds in realizing fairly good prices for crops still being held. But there is increasing evidence that the slump in prices of practically every raw commodity entering into international trade will seriously affect the purchasing power of all the important raw material producing countries which are the largest foreign markets for manufactured products.

Australia with her wool, lamb and wheat; Argentina, with her beef and grain; Brazil and Colombia, with their coffee; Cuba with her sugar; China and Japan, with their raw silk; India, with her cotton; Canada, with her wheat; and other countries producing tin, zinc, silver, rubber—all have had their position seriously impaired by price declines which have brought price levels to the lowest point in many years and, in some cases, below pre-war figures. Unless there is a pronounced recovery this situation is likely to show its effects upon American foreign trade figures later this year. Not only may the direct markets for our products in these countries be reduced in face of increased pressure for foreign sales in some industries like automobiles, but since the industrial countries of Europe, laboring under heavy debt obligations to us, are striving to increase their export trade in these regions, their failure to do so may, in turn, reduce their own buying power for American goods.

These price declines are probably a long deferred consequence of the increasingly acute constriction of credit the world over which accompanied the American bull market for stocks during the past two years. This tended not only to retard the normal expansion of industry, trade and purchasing power abroad by turning the stream of capital funds toward the United States, but also gradually to cut off the flow of purchasing power from the United States to foreign countries through foreign loans.

This situation has been rapidly broken up since the stock market crash and central bank rates have eased all over the world; but the effects of the process of credit contraction through two years are now showing themselves in a drastic deflation of commodity prices. The easing

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of money rates and the greater abundance of funds available for trade since the first of the year may be expected, in turn, to show their effects in a few months, as lower central bank rates percolate down into the channels of business. In the meantime, the readjustment is drastic and, in many respects, similar to that which took place in 1920 and 1921, even though the present price deflation was not preceded by anything like the inflation of commodity prices during the war.

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Anyway, They Both Agree It's Poker

CESARE, cartoonist, decorating our cover, sees governmental price-fixing as a poker game with old man Supply and Demand usually unbeatable. Mr. Legge doesn't see it just that way.

When the approval of the Grain Stabilization Corporation by the Farm Board was announced, newspaper men called upon Mr. Legge to ask him what he thought about it. The *United States Daily* soberly recounts the scene:

"Mr. Legge told the newspaper men at the conference that he could not discuss wheat or cotton and that consequently he would tell them a poker story, since Senators did not play poker and therefore would not understand the game. Mr. Legge's story was about an old gentleman who was elected county treasurer and afterwards was drawn into a poker game by several men. The story, Mr. Legge said, happened about thirty years ago.

"The old gentleman, according to Mr. Legge, was playing against a 'brace' game, which the Federal Farm Board Chairman explained as meaning the odds were against him. Finally the men playing the old gentleman placed stakes of $1,000 in the pool, Mr. Legge said. The old gentleman, the Chairman said, knew that he had a good hand and requested and was permitted by the other players to leave the room for a few moments to get $1,000.

"He brought the stake back, placed it on the table, and then opened an old newspaper he had been holding under his arm and drew all sorts of money, checks and other financial paper from the newspaper wrapper. Mr. Legge said that the old gentleman declared that if the other players won they would have to 'break him and the county too.' Since the other players could not match the old gentleman's wager the latter won, the Farm Board Chairman concluded.

"Since the Federal Farm Board has a large revolving fund to back it, there must be some point to the story of the old gentleman playing poker, one of the newspaper men declared to Chairman Legge. Mr. Legge smiled and replied, 'Where in thunder do you get that idea?' "

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Americans Interested In Cartel Exports

THE principle of open covenants openly arrived at is still not very popular in European business. It has been said that no foreign office in Europe conducts its affairs with more secrecy than does the European steel cartel. That is why it is difficult to get more than vague rumors regarding its activities and plans, and particularly the extent to which American interests are involved or threatened. But it is known that meetings have been going on almost continuously during the past two months in Paris, Brussels, Luxembourg and Düsseldorf and that plans are afoot which, if they do not involve American steel interests, are at least of great importance to them.

It is a more or less open secret, never officially admitted, that certain American producers have participated for some time in a few of the special cartels which form part of the vast organization of the steel industries on the Continent. At least two of these cartels are international in scope, those covering steel rails and pipes, and both American and British interests are known to be involved. Efforts are being made to secure American cooperation in some of the other branches as well as to extend the scope of the pipe cartel to cover more types of pipe.

It is clear, at least, that the European iron and steel cartels are in process of reorganization and development, and that the continental iron and steel industry is moving toward closer unity and more definite control of markets and prices. Plans to set up efficient and centralized export marketing machinery for the industries discussed some months ago have resulted in definite action. According to preliminary agreement reached at Paris early in February, sales bureaus for exports of European steel products will be created this summer. One for semi-finished steel, headed by a Belgian, will be established at Brussels; another for steel bars, under a Frenchman, will be in Luxembourg; a third for sheet iron will be under German supervision and a fourth, for commercial steel, will be located in and under the control of Luxembourg. An export bureau for rails and one for pipe already exist. All exports will be handled by these bureaus on a quota plan and under fixed standard prices for almost every kind of steel product. Until the export bureaus come into operation later in the year it is understood that prices will be fixed meanwhile by gentlemen's agreement. Quotas will be based upon foreign sales of the various countries during 1928 and the first ten months of 1929.

There is little evidence that American steel exporters are much concerned about these developments as yet, although rumors of pressure on the part of some American companies to be admitted to the arrangements persist. Whether there would be any legal obstacles to American participation is a question that, so far, has not been raised.

Price-Fixing or Price-Guessing?

OFFICIALS of the Farmers National Grain Corporation and its other self, the Grain Stabilization Company, do not believe that they are engaged in price-fixing. According to C. E. Huff, chairman of the board of managers of the Grain Marketing Corporation and also secretary of the Grain Stabilization Company, the price to which they hope to hold the wheat market is not the price which they think the farmer ought to get, but a price which they are willing to bet world conditions of supply and demand will justify. This may seem a subtle distinction to outsiders, but it is very clear and important to Mr. Huff. He says in a statement to a BUSINESS WEEK correspondent: "The $1.25 a bushel price for No. 1 Northern Spring and the corresponding prices for other wheat were decided on as minimum just prices for wheat in view of world conditions, rather than a basis for price-fixing. The Federal Farm Board felt itself not only justified but reasonably safe in securing grain at these levels, which the members considered as the lowest fair prices. In addition to using all available world statistics, the Farm Board officials conducted a survey of the situation throughout the world, obtaining information from the highest type sources as to surplus conditions and probable food demand. The prices at which the Federal Farm Board is making loans to farmers and at which the Farmers National Grain Corporation is making cash purchases of wheat are, therefore, not mere arbitrary figures but the minimum at which wheat should sell, we believe, in view of all circumstances."

The difference between the functions of the National Grain Marketing Corporation and the Grain Stabilization Company is still somewhat vague. Both apparently are still buying wheat, but the arrangement seems to be that when W. G. Kellogg, sales manager of the National Grain Marketing Corporation, decides that it is a bad bet to buy or hold, he consults with W. G. Kellogg, president of the Grain Stabilization Company, and arranges to have Uncle Sam place the bet. That the betting is not considered very good by the first W. G. Kellogg is indicated by the fact that the Stabilization Company immediately took over the 2,000,000 or more bushels already purchased by the Grain Marketing Corporation and, without waiting to announce the completion of the organization, the Stabilization Company went into the open market to buy cash wheat last week in six market centers.

Meanwhile, BUSINESS WEEK correspondents abroad report that enthusiasm among foreign consumers and producers about entering the wheat stabilization game is not very warm as yet. Officials of the Canadian wheat pool have been in England trying to gain support for a proposal to set up a government wheat purchasing agency to handle all of wheat

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imports and stabilize internal prices. This is an old socialist proposal in Britain and was recently put forth again by F. E. Wise, M. P., who is trying to make it a Labor party plank. British business is said to be fundamentally opposed to price-rigging measures and our correspondents indicate that adoption is improbable. Boycott of American wheat because of price fixing schemes over here is not considered to be important. At the end of last week the British Government is reported to have bought 30,000,000 bushels of Canadian wheat.

The grain surplus in Continental wheat-producing countries was so heavy this year that prices there were severely depressed. The main wheat-producing countries in Europe, Hungary, Jugoslavia and Roumania, which have been considering joint marketing schemes on the Farm Board plan, have not gotten very far up to the present. But the project is still in the air and all that is needed is the money. The governments are reluctant to finance a scheme of this kind, primarily because of racial jealousies and hang-over war feeling among the countries involved. It is possible that outside interests could come in and put the plan over. The chances are not unfavorable because most of Europe has to import wheat and the market is close at hand. Northern European countries are boosting tariff restrictions on imports to raise prices for domestic producers. Since there is normally no export surplus—at least, there is not likely to be until Russia gets to work—a Continental wheat price-raising scheme might be more profitable than one in America. Here is a chance for American financing.

Incidentally, part of the joint marketing pool plan of the Danubian countries is to seek cooperation with the Federal Farm Board and the Canadian wheat pool as a first step toward a common marketing agreement of the large grain-producing centers of the world.

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Find Mortgage Supply Ahead of Demand

THE Board of Governors of the Mortgage Bankers Association, meeting in Chicago last week, said the Secretary of Agriculture's reports to the President regarding curtailment of farm mortgages by life insurance companies are a false alarm. A. A. Zinn, president of the Association, citing statements from large life insurance companies throughout the country, declared that the companies have never been more favorable to the farmers, especially in the Middle West, both in renewing loans and extending periods of amortization. Twenty such companies, holding 50% of all farm loans held by life insurance organizations, or about a billion, reported that there is at present more money available for farm loans than customers for such loans. In fact, the companies are said to be slightly peevish because farmers are not calling for more money and are paying off their mortgage debts too fast. Figures cited at the meeting show that farmers reduced their indebtedness to life insurance companies by about $44 millions during 1929.

This is in line with other reports from the Department of Agriculture indicating that farm mortgage indebtedness to

all types of creditors, excepting possibly banks, has been declining in the past two years. It is not clear, however, whether this reduction is voluntary or forced; but the statistics on farm mortgage foreclosures for the latest year indicate a falling off. This would lend some support to the view that farmers are getting out of debt rather than having the screws put on them.

The mortgage bankers are so confident that plenty of money is available not only for farm mortgages but for urban construction that they are strongly opposed to putting the Federal government further into the real estate mortgage loan business. They think the experiment of this kind with the Joint Stock Land Banks has been a failure. They point to a shrinkage in quoted value of stocks and bonds of twelve Joint Stock Land Banks amounting to $14 millions in stocks and $100 millions in value of bonds, from May, 1927 to May, 1929.

This seems to them to throw doubt on the advisability of bills now pending in Congress which would set up a kind of reserve system for building loan associations and banks lending money on mortgages for urban building construction.

Nothing much is being said about such proposals just now although there was considerable interest in the idea immediately following the stock market crash, when resources of some building loan associations were impaired by demands from members for loans to cover ragged stock margins. There are some reasons for thinking that the mortgage credit market is not flexible enough, and that some of the principles which have been embodied in the Federal Reserve System for expanding commercial credit resources could be applied to this field. It is a big question and will doubtless crop up again from time to time.

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Trying to Improve American Cotton

BOTH the Federal government and the Farm Board are going to be more interested in improvement of the quality of American cotton this year. THE BUSINESS WEEK has already indicated the importance of this problem in the economic condition of American cotton growers. Just now, even with the prevailing low prices of cotton as cotton there is such a shortage of finer grades and long staple that the premium is very high and producers of such cotton are able to get a good price for it.

There is some resentment in the cotton trade at the publicity that has been given recently to assertions of deterioration of American cotton and increasing competition of Indian and other foreign-grown cotton, the quality of which is being improved. These assertions are said to be mere British propaganda which can be traced back to statements of a certain academic cotton expert in Manchester, Professor Todd by name.

Nevertheless, the facts published by

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the government are clear enough. The percentage of the total cotton crop for this year that was classed as untenderable in futures contracts under law was 21.8% as against 14.6% last season, for cotton ginned up to November 30. Tenderability is affected mainly by other qualities than staple length, but the staple is also shorter this season than last, for up to November 1, 20.4% of the cotton ginned was under 7/8 inch staple as against only 14.3% last season. Weather conditions from year to year affect quality and staple length of cotton, and this year's crop was especially hurt by such conditions; but the tendency has been fairly evident over a number of years.

As to the relative position of American cotton, the facts are equally plain. Fifty years ago the United States produced about 75% of the total tenderable world's cotton crop, but now produces barely 50%. A few years ago cotton shorter than 7/8 inch staple was practically unknown in this country, while the Indian crop was principally of short staple length. The latter has been improving and very little Indian cotton of less than 1/2 inch staple is now produced there.

Not only is the Farm Board trying to cut down the acreage in next season's cotton crop but hopes to increase the growth of long staple and superior quality cotton. Special effort will be made by the Department of Agriculture to restore the premier American cotton growth, the long staple Sea Island grown on the islands off the coast of the Carolinas, perhaps the longest staple and finest cotton in the world, which has entirely disappeared. The Senate will be asked to add to pending agricultural appropriations for experimental work for this purpose. Similarly Congress is being asked to appropriate special funds to curb the boll weevil in Arizona so as to restore the growth of the Pima cotton of that region, a high quality growth that has almost disappeared.

The Department of Agriculture has been keeping hopes of restoring the production of Sea Island cotton alive ever since the industry vanished, but no attempt at re-establishment of the seed supply and commercial production has been considered up to this year. Now manufacturers in this country of such fabrics as balloon cloth and airplane cloth are finding it almost impossible to secure suitable cotton. The Egyptian cotton now being brought into this country for these purposes is not maintaining its quality.

The boll weevil was to blame for the disappearance of Sea Island cotton. In order to restore it, it is necessary to organize communities which will grow only this cotton. It is impossible successfully to grow Sea Island cotton if it is mixed with fields of short cotton in the same locality. The short cotton matures earlier and grows more rapidly. If it is grown near Sea Island cotton the boll weevil has an opportunity of breeding, so that infestations are extremely heavy later in the season when the Sea Island cotton is producing its crop. It will first be necessary to produce some seed. At present there is no Sea Island seed for commercial planting anywhere in the country. In order to provide the necessary seed the Department of Agriculture has grown fifty acres of Sea Island cotton near Charleston this year.

Distribution ►

Public at Last Invited to Join Marshall Field

MARSHALL FIELD & CO., largest department store and largest dry goods wholesaler in the world, a closed concern for 65 years, has been opened to the public. Trading in Field common stock began on the Chicago stock exchange this week, 1,400,000 shares being listed, 540,000 sold to the public by a syndicate headed by Field, Glore & Co., and Lee, Higginson & Co. Marshall Field 3d, grandson of the pioneer merchant, is president of Field, Glore & Co.

Held in the treasury are 600,000 shares, 200,000 for sale to employees. Considerable stock is already held by key executives.

Balance sheet shows assets of $134,595,922. Current assets are six times current liabilities. Goodwill is $1. No appreciation in value of real estate is included.

Net profits in 1929 were $9,388,000. Records to 1871 were lost in the Chicago fire. In every year since, the company has made money. It has been built out of earnings. It incorporated in 1901, with Marshall Field personally owning $5,996,000 of $6,000,000 stock.

Marshall Field & Co. has been extending. To reimburse treasury for expenditures on acquisitions and constructions and to finance further extensions are reasons given for the public offering.

The company is a vertical combine which does a quarter billion dollar business annually, about equally divided between wholesale and retail. In 25 mills and numerous factories in North Carolina, Pennsylvania, Virginia and elsewhere the company manufactures a good share of all merchandise it sells. Its wholesale customers number around 40,000. It has under construction in Chicago the Merchandise Mart, largest building in the world, soon to be opened, into which will be consolidated nine separate warehouse and wholesale establishments now maintained. Extensions are expected in both wholesaling and manufacturing.

In retailing, expansion has been along several lines. Evidently various plans are being tried out. The development does not resemble that of Sears-Roebuck, Montgomery Ward, Penney, Hahn, or any other retailing chain. The company has not been seeking stores to buy, but has purchased some of those offered, if this could be done at attractive prices. Scotch blood runs strong in the concern.

Only three of eighteen stores owned are operated under the Marshall Field name. These are suburban stores in Evanston and Oak Park, opened in 1929. When Rothschild's, a popular priced Chicago department store at the other end of State Street, was taken over six years ago—the first retail extension—the name was changed to The Davis Company, Arthur Davis being the Field executive who took charge. In all other cases, established names of stores purchased have been retained.

Frederick & Nelson, largest department store in Seattle, was acquired recently. Fourteen smaller department stores, leading stores in towns of 25,000 or less, averaging around half a million dollars a year each, complete the list. They are:

Illinois: Rau & Company, Chicago Heights; Star Dry Goods, 63rd St., Chicago; Phelps Store, Jacksonville; Wyne-Deaver, Sterling.
Ohio: Potter Davis, Cambridge; King Dry Goods, Newark; King Dry Goods, Sidney; Spring-Holzwarth, Alliance; Spring-Holzwarth, Salem; Jobe Brothers, Xenia.
Indiana: Arnold Dry Goods, Huntington.
Wisconsin: Risley Brothers, Baraboo.
South Dakota: Olwin-Angell, Aberdeen; Schaller's, Watertown.

There have been no store purchases since the acquisition of the two in South Dakota eight months ago.

James Simpson now advances from president to chairman, John McKinlay from vice president to president. All Field executives are men who started at the bottom and have been with the company twenty to forty years. There is no longer any member of the Field family active in the company. Following the death of Marshall Field in 1906, Stanley Field served as vice president under John G. Shedd for a number of years but resigned to become head of the Field Museum of Natural History.

Modesty pervades the Field organization. Display is used where it pays dividends—in establishments which buyers visit. But offices are different. The executive in charge of all the stores named above sits at a plain desk behind an equally plain railing, surrounded by other unostentatious workers.

Marshall Field & Co. history epitomizes business evolution during the half century. A strong one-man enterprise grows into a great organization that finally becomes so large many men and the public's funds are needed.

Keystone

CUTS A FIGURE

Sir Henri Deterding, head of Royal Dutch Shell, goes skating with his wife on the Suvretta Rink at St. Moritz

LEARNED BY DOING

John McKinlay, fourth president of Marshall Field & Co., in 65 years, successor to Marshall Field, John G. Shedd, James Simpson. Field officials always rise from the ranks. A cash boy in 1888, at $2 a week, he took his first week's pay to buy a pair of long trousers

Government ► Plan Tax Exemption Trade To Push Foreign Trade

BUSINESS men and the government want to remove the international barriers to trade and finance raised by national systems of taxation. Secretary Mellon called leaders to Washington last week to discuss the matter. The International Chamber of Commerce has a plan. So has the Treasury. Recommendations will be made to Congress soon, probably this session.

This country has long recognized the fact that taxation of property or income by more than one taxing unit imposes severe hardships on business. Most recent victory was a decision by the Supreme Court against double taxation of estates.

The United States Government has cut down or abolished taxation of incomes already taxed in other countries. American firms with foreign branches are allowed concessions in domestic taxation on that part of their income already taxed abroad. Congress has exempted from taxation profits from shipping made here by citizens of such other countries as are willing to extend the same courtesy. We now enjoy reciprocity in this line with almost all important maritime nations. But the Treasury and the Chamber want to do two things more:

(1) Facilitate the international flow of capital by exempting the yield from investment from taxation in the country of investment and taxing it only in the country of residence of its owner;

(2) Confine taxation of foreign branches to the business done by such branches in the taxing nation, foreign businesses to be taxed only if they maintained a permanent establishment in the taxing country.

The greatest technical difficulty is encountered in this problem of determining this tax liability of foreign branches. Prorating, or taxation of an entire company by a country in which it operates a single branch, is obviously unfair and unsatisfactory.

Reciprocation is essential to all plans for eliminating or alleviating the hardships of double taxation. The program discussed at the Washington meeting would avoid the red tape of treaty-making. The United States would grant exemptions to foreign business, within certain limits, equal to the relief accorded American business by the countries whose nationals are concerned. It is proposed that the Secretary of Treasury be authorized to administer the exemptions.

Tentatively, the plan provides exemption from taxation of dividends, interest, book and patent royalties derived in the United States by foreigners, subject to reciprocation. Items which would remain taxable include income from permanent establishments in the country, income from personal services performed in the country, income from real property such as rents and mining royalties and income from the sale of property within the country.

Crux of the problem is the apportionment of income of foreign business derived from sources within a country. Consensus of opinion at the meeting was that a separate accounting system is preferable to the fractional apportionment system toward which European nations are leaning.

International

STILL IN THE FAMILY

Paul Revere wrought this copper bolt for "Old Ironsides" 150 years ago. Admiral Andrews hands it to E. H. R. Revere, great grandson of the patriot, the fourth generation in the copper business which still bears the name Revere

Finance ► Debate Change in Capital Gains Tax

ENCOURAGING news has come to security and real estate traders and owners. The Congressional committee on Internal Revenue Taxation, headed by Rep. Willis C. Hawley, plans a study of taxation as soon as the tariff bill is out. Special attention will be paid to administrative provisions and to the capital gains, estate and insurance taxes —and probably to the question of international double taxation.

To many, the capital gains tax is a sore spot in the national tax structure. Many opponents blamed it, in part, for the stock market crash. (THE BUSINESS WEEK, November 27, 1929.) Capital gains represent the increase in value of securities or property held over a period of time. This profit is taxable when the security or property is sold. If held more than two years, a flat 12½% rate can be claimed. If, under two years, regular income tax rates are applicable. Owners and dealers don't like it.

The tax, they say, tends to make those having large profits hold property and securities for at least two years to get advantage of the 12½% rate. Or it may be held even longer. Too, appreciation on property held 10 years is still taxed at the 12½% rate as though for two years. They want it spread out.

The committee has a recommendation from its expert that that be done. Gains held over 10 years, for instance, would be cut down to 40% taxable, while gains after 15 years would not be taxable at all. A strong demand will be made for abolition of the tax. But since capital gains now account for 17% of the incomes of all individuals paying income tax (growth from 9% in 1927 and 7% in 1926) the government isn't likely to give it up.

Pacific & Atlantic

UNCOMPROMISING

Russia doesn't care if its industrial buildings look like cell blocks. It wants space, light and compactness and gets them in this very modern "House of Industry" at Charkow in the Ukraine

Agriculture ► Wool Cooperative Picks A Private Sales Agent

THE National Wool Marketing Corporation, organized by the Farm Board, has one feature of special interest to private business handling farm products, a feature that may or may not offset the anxiety which the commodity trades have felt about the effects of Farm Board policies on their business. The Wool Corporation, with Farm Board approval, has made a contract with a private wool merchant to act as exclusive agent for the Corporation in selling all of the wool and mohair which the Corporation will handle for its member cooperatives. This was done during January but escaped general notice.

The exclusive agent is Draper & Co. of Boston, one of the outstanding wool merchant houses in the country. The company is to devote its entire organization to the use and benefit of the National Wool Marketing Corporation upon terms which have not been made public but are considered very advantageous to the wool-growers. It is understood that the firm will sell the cooperative corporation's wool on a commission basis much lower than usual. It is expected that the company can market wool much cheaper than the cooperative corporation acting directly. The Corporation would have to hire an expensive sales manager, as the National Grain Marketing Corporation did, and Draper & Co. are being used merely as a substitute for such a sales manager.

Under the contract it is understood that the company gives up the right to engage in purchase and sale of wool on its own account, except for importation of some foreign wools not competing with domestic in the American market. In this respect the company probably has more to lose than to gain from taking on this big job.

This arrangement will not give Draper & Co. a monopoly in the wool trade for a long time, if ever, but it will be an important factor in the market. In 1928 there were only 62 cooperative wool marketing associations handling approximately 15,700,000 pounds of wool, which was about 5.3% of the total wool clipped that year. Even if all these associations are rounded up into the National Wool Marketing Corporation and new associations set up in localities not served by existing cooperatives, it is hardly possible that much more than 25% of the wool clipped would be handled in this way. The Corporation expects to handle as much as 30% this year.

It will be interesting to see what this scheme can do for wool prices, which are now at about pre-war levels, partly as a result of the breakdown of a similar pooling scheme in Australia last year. The United States, however, is not producing a surplus of wool for export like Australia. It imports a large portion of the wool used and there is a high tariff on wool, which will probably be raised in the present tariff bill. Nevertheless, wool prices here have shared in the general world-wide depression.

Shipping ► Five-Year Plan Goes to Sea

RUSSIA'S gradual expansion under the Five-Year Plan has reached that section labeled "merchant marine." Ready to act, the Sovtorgflot, Soviet merchant marine division, has announced expansion plans, has made contracts. Within the next four years it is the intention of the government to build 1,700,000 tons of seagoing ships and, if possible, to purchase a similar amount of tonnage abroad. A modest beginning, but those who look to "the plan," see written there: "The Soviet Government plans to make the country independent of foreign ships."

Last week, the Shipping Board sold to Russia five vessels for $287,000. Three are in the 7000-ton class; two in the 4000-ton class. Beyond an initial shipment from New York they must, by contract, not compete in transatlantic trade to the United States for five years.

The contract is the second between Russians and Americans. Several weeks ago the American Scantic Line, already serving Scandinavian, German and Polish ports on the Baltic, agreed with the Soviet government to extend their regularly weekly service from New York to Leningrad and Murmansk, Russian Baltic ports. The 10 vessels of the line will maintain regular sailings and make the run in 17 days.

The first American steamers to call at Russian ports on business since the Revolution were ships of the American Export Line which has carried on a cargo service with the Russian Black Sea ports of Odessa and Novorossisk since last December.

Russia, at present, controls less than 200 vessels with a total freight capacity of 300,000 tons, largely centered in the Baltic and Black Sea traffic. Less than 10% of the country's foreign trade is carried in native bottoms.

Few contracts for new tonnage are actually let but Soviet officials intimate that a fair percentage of the small and medium-sized construction will go to the nine domestic shipbuilding companies. Finland is sharing in river-boat construction; France and Germany in building oil tankers. Contracts for largest vessels are not yet let.

Aviation ► Bigger Planes Will Make Low Rates Profitable

YOU can now fly as a passenger over 98% of the mileage covered daily by the nation's air lines at a cost of not more than 10 cents a mile, says Charles E. Beard, manager of the Air Passenger Bureau of the Chicago Air Traffic Association. His figures show that 45% of the mileage can be flown at 5 cents a mile, 31% at rates varying between 6 and 7½ cents, the other 22% at the 10-cent rate. And the figures of all the air lines indicate that rates like these are, at last, getting the traveling public into the air.

Drastic rate reductions were announced by air lines in early January. But it was not until Aviation Corporation, operating the key Eastern routes, dropped its prices on January 22 that the real increases in air travel occurred. They were immediate. Bookings out of Chicago in the last 9 days in January were double what they were in the first 22 days of the month combined.

Chicago's consolidated air ticket office in the Palmer House sold $132,000 worth of tickets in 1929. Based upon recent increases, the manager expects $500,000 business in 1930, which, with rates down half, means eight times as many passengers.

An air-rail ticket, Chicago to New York, now costs $47.38, or $3.92 less than a lower berth on the 20-hour trains. The trip takes 2 hours and 10 minutes less, after allowing an extra hour for bus ride from downtown Chicago to the flying field at 63rd and Cicero.

The bus leaves the Loop at 3:00, the plane takes off at 4:00 Central time, reaches Cleveland, 7:45 Eastern time. After an hour and a quarter for dinner, the traveler boards a sleeper at 9:00, arrives in New York 9:50 the next morning, ten minutes after the Century which left Chicago at 12:40 the day before. The return schedule is better, since the clock is moved back an hour. The train leaves New York at 7:45; the plane from Cleveland reaches the Chicago field at 10:50; the bus gets downtown about 11:30. Similar service via Detroit costs $51.60.

Most present rates are rail fare plus lower berth, or thereabout. Chicago to Cleveland, formerly $37.50, is now $17.60; to St. Louis, which was $33, is $14.74. With present planes, such rates are unprofitable, even if all seats are filled.

Bargain prices have been announced because 30 and 35-passenger ships are coming soon. Air carriers consider it good business to take temporary losses in order to increase volume of air travel to the point that big ships can operate profitably. With present rates, or perhaps slightly higher ones, the bigger ships can break even with average loads 70% of capacity. Mail and express will then be profit.

Fokker Aircraft has just completed one such 32-passenger ship, largest passenger plane in America, now being delivered to Western Air Express for use between Los Angeles and San Francisco. (Fare: $21.50 air; $21.54, lower berth). Four companion ships are on the assembling line in the Fokker plant.

Lack of pilots hinders immediate extension of passenger service with smaller planes. Turndowns on the Chicago-Cleveland route, where a single 12-passenger ship flies each way daily, average 9 to 15 a day. On a Sunday early in February, 27 people were refused passage. Evidently a big ship can be filled.

Wide World

LUCKENBACH & CO.
Edgar F. Luckenbach, steamship operator, with his son Eddie on The Breakers Beach, Palm Beach

Underwood & Underwood

COMES HOME
Frederick B. Patterson, president of the National Cash Register Co., arrives on the Mauretania

It is believed that air passenger rates will tend to stabilize slightly above present levels: railroad fare, plus extra fare if any, plus Pullman, plus about 10%. Against the 10% is to be credited a Pullman porter's tip and taxi fare at destination, since air lines deliver passengers to principal hotels.

Retailing ► City Plans Make Store Problems

CITY planning is exerting a marked influence on distribution. Constantly seeking new markets, retail establishments naturally push into residential regions. Zoning exerts a pressure which may work either to protect a fool from his folly in selecting a poor location, or to prevent a wise man getting a preferred one.

Either way, it is of definite significance to retailing development that 691 municipalities in the United States have set up planning commissions to control and direct their development. Massachusetts has the greatest number of planning commissions, California the second highest total, according to a report just issued by the Division of Building and Housing of the United States Department of Commerce.

The tendency in zoning control is to concentrate shopping districts. Thus is established a parking problem which increases in complexity in proportion to the population within the marketing area. A few commissions have recognized this problem, but, as yet, there is no known case where a commission has made a definite attempt to scatter its retail district.

Production ► Rails at Last to Reach Largest Virgin Forest

GREAT lumbering interests centering in the Gray's Harbor district of the state of Washington will take a new lease on life with the building of a $6,000,000 railway extension into the virgin forest area of the Olympic Peninsula.

Construction crews of the Northern Pacific Railway are preparing to start actual work on the project April 1. The line is a joint undertaking of the Northern Pacific and Union Pacific, but will be built by the former. It will extend from Moclips, Wash., to a point on the Hoh River.

The extension will open up what is said to be the largest undeveloped area of virgin timber remaining in the United States. About 28 billion feet of lumber, it is estimated, will be tributary to the new line.

Although only 55 miles in length, this bit of railway will require two and a half years to complete, according to P. E. Thian, consulting engineer, who is in charge. Rugged mountain slopes, gaping canyons, rushing rivers, bar the way, with almost inpenetrable forests and storm-twisted areas of uprooted trees and debris piled forty feet deep. The job is considered the most ambitious piece of rail construction in the Northwest in 20 years.

Awaiting the lumberman's saw are great "airplane" spruce, cedar and other trees, some of them thirty feet thick at the base, some reaching skyward 275 feet—the height of a sixteen-story building. The lumbering is to be conducted on a perpetual yield basis under the supervision of state and Federal forestry services. The spruce growth is of a type particularly valuable for use in airplane construction.

Two hydro-electric projects along the line of the railroad are planned by the Gray's Harbor Power & Light Company, one on the Queets river developing 35,000 horsepower and another on the Hoh River, to develop about 40,000 horsepower.

It is expected that these developments will be followed by construction of pulp mills to utilize the forest "waste" which is unfit for milling purposes. This has often amounted to 15,000 to 20,000 feet an acre, constituting a pure economic loss.

At the northern terminus of the new extension, a connection will be made with an extension of the Port Angeles & Western Railroad, which will thus provide an all-rail route from Gray's Harbor on the south to Port Angeles and Port Townsend on the Straits of Juan De Fuca.

The Olympic Peninsula is in the extreme northwesterly corner of the United States.

Transportation ► Bus Stock Goes On "the Board"

GREYHOUND CORPORATION common stock has been listed on the Chicago stock exchange, first listing on a big exchange of a cross-country motor coach system.

"Progress in the bus business in the past year has been remarkable," an exchange official comments. "We find that the company has valuable franchises, and working arrangements with railroads all over the country. Diners and sleepers are operated. Snow plows keep roads open in winter, just as on railroads. 1929 profits exceeded a million."

Greyhound and affiliated companies, which includes Pickwick and Yelloway, operate approximately 1500 buses over some 50,000 miles of routes in all states of the union, excepting Montana and Vermont, with extensions into Canada and Mexico. Passengers travel anywhere on one ticket.

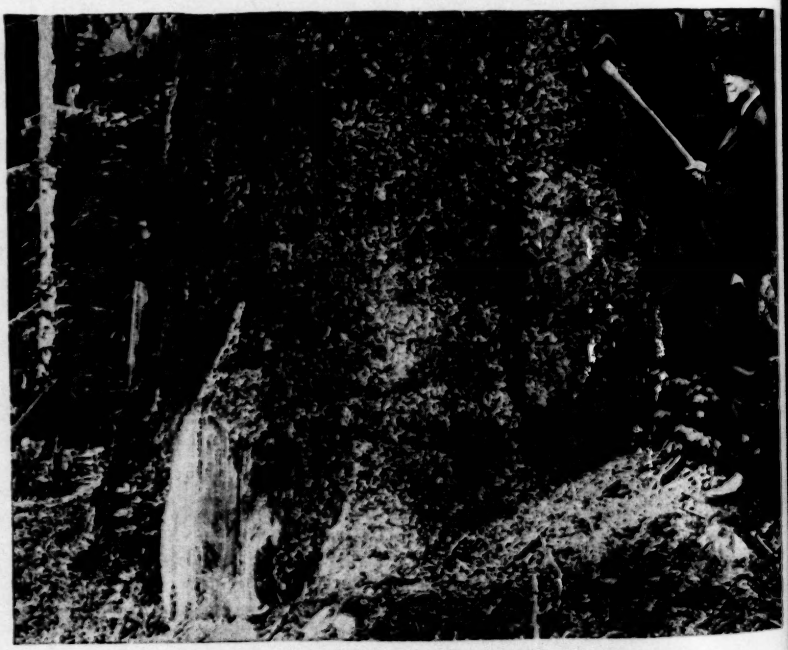
Orville S. Caesar, 37 years old, who started as a mechanic's helper in his home town, Rice Lake, Wis., is president. He invented a hot water heating system which keeps buses free from fumes. He introduced air-cushioned reclining chairs to replace uncomfortable bench seats, inside baggage racks to which passengers have access at all times instead of the old style baggage boxes on roofs of coaches.

Utility ► Would Lay Out Nation for Drive

LEADERS in the electrical fields, planning to tie in with other industries in rehabilitation programs launched with the advice of President Hoover, see relighting, modernization of wiring and equipment, added use of electrical processes in the offing.

To meet the expected demand most effectively many are urging upon their industry cooperative effort to mobilize all interests in the industry, determine a program for each local area that would definitely fix work to be done, set up cooperation between electrical leaders and other business executives in each area, develop and release publicity, institute direct mail and personalized selling campaigns.

They point out in this connection that regional organizations, electrical leagues and other existing agencies already furnish the nucleus of organization in each community.



IT MUST COME DOWN

But Charles Donnelly, president of Northern Pacific, never will do the job with that axe. His road and Union Pacific jointly will lay rails through this last great virgin forest

Keystone View

SNAPPING THE SNAPPERS

Secretary of State Stimson, Chief American delegate to the Naval Conference, snaps the newspaper and movie photographers while they photograph him

Distribution ► **Eleven Entries; Buyer Wins**

ELEVEN strong distribution organizations are reaching for the national coffee market, now dominated by 4 or 5 brands. It is the intention of each of these 11 to have its brand or brands nationally known and nationally sold before the drive is completed; if, as seems obvious, all 11 cannot capture the market, each sees itself as the one of the few that will.

An early result is shown in the general price shrinkage on coffee which cannot be entirely ascribed to over-production in Brazil and dislocation of world markets.

The eleven organizations and their brands are: General Foods Corp. (Maxwell House) Standard Brands, Inc. (Chase and Sanborn), Hills Brothers Co. (Hills Bros.), Beechnut Packing Co. (Beechnut), Arbuckle Bros. (Yuban), W. S. Scull Co. (Boscul), Dwinell-Wright Co. (Whitehouse), California Packing Corp. (Del Monte), W. S. Quinby Co. (La Touraine), Great Atlantic & Pacific Tea Co., (Red Circle, Bokar, and Eight O'clock) and Jewell Tea Co. (Jewel Best).

Standard Brands, Inc., got off to a flying start with its dated deliveries of Chase and Sanborn Coffee in Fleischmann yeast delivery wagons, but dating has not won over consumers as rapidly as hoped. Sales of large lots of canned coffee without brand wrappers at cut prices are reported from time to time in different cities.

Advertising ► **Agencies Turn Their Eyes Toward Overseas Markets**

ADVERTISING agencies, as an important part of their contribution toward solving distribution problems of American business, are notably active this year in developing foreign fields.

Stanley Resor, president of J. Walter Thompson Co., has led his organization to open three new foreign offices in recent months, in Bombay, Montreal, and Sydney, Australia, making 15 foreign offices in all. More are coming. General Motors Export Corporation and Lever Brothers of England are among clients to be served. Other leading agencies are making improvements and betterments in their own foreign marketing machinery preparatory to helping business do likewise. Campbell, Ewald and Company, with large automotive interests, is active. So are Lord and Thomas and Logan, N. W. Ayer and Son, The H. K. McCann Company, Batten Barton Durstine and Osborn, numerous others.

Branch offices abroad usually function almost as independent local businesses, with clients recruited from their immediate fields. Erwin Wasey and Company was a pioneer in this sort of development. The company now has offices scattered all over Europe, each with an American-trained manager in charge but with native personnel. It was necessary to build from the ground up. Previously, advertising in foreign countries was handled on a cut-rate brokerage basis with no established fees. Publishers often considered it an insult to be asked for circulation figures. The problem of introducing American advertising system, resting as it does upon a foundation of facts both as to markets and mediums, and with adequate set fees, was indeed a difficult one. Results indicate that it pays.

"Imagine if you can a modern advertising agency setting up business in the United States in 1850," suggests a J. Walter Thompson official. "It gives you an idea of what we are up against in opening new offices in foreign fields. It usually takes six months or more before a foreign office is ready to handle any advertising. There is a long period of fact finding, of old-fashioned analysis and research. Unless all this precedes actual placing of copy in local publications, we are simply wasting our client's money."

Some American agencies have established reciprocal working arrangements with going foreign agencies. One such, just announced, is the tie-up between William H. Rankin and Company and Street and Company, an old established advertising firm of London and Paris. It works both ways. Rankin is preparing right now to make surveys of certain American cities for clients of the British firm desirous of building American business.

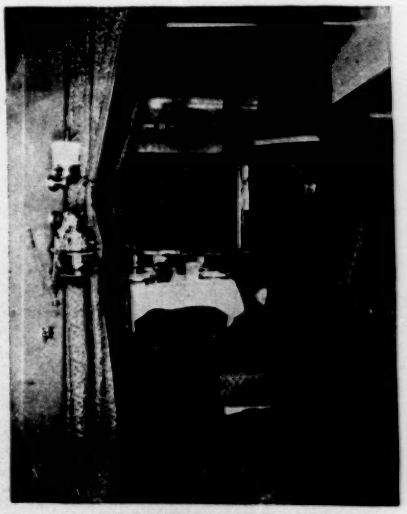
American business has made many bonehead plays in advertising abroad (THE BUSINESS WEEK, January 8, page 30). These occur when marketing is not based solidly on a foundation of facts brought out by research and analysis.

Aviation ► **Berlin to Bagdad Dream Coming True**

European Bureau, The Business Week

UNDAUNTED by the blasted dream of a German-controlled Berlin-to-Bagdad railroad, Germany is now operating a Berlin-to-Angora air line, building up Near East markets, looking to extension of operations to the Far East.

An important schedule just introduced is operating between Berlin and the aggressive little Turkish capital of Angora. Negotiations with ambitious Mustapha Kemal call for a 20-year concession and the extension later of service across Turkey to the East. Deutsche Lufthansa operates the planes, plans to include mail and freight by early spring and to make Constantinople an important stop.



A HIGHWAY PULLMAN

Breakfast is ready in a section of the latest sleeping-car motor bus. At night the compartment is converted into sleeping quarters for two with an upper and lower berth

Distribution ► Say Barge Lines Switch Traffic Flow Southward

A CHANGE in the complexion of the Mississippi Barge Line's traffic has been noted by government statisticians. Industrial products from the central manufacturing district are coming down the river via the government barge service at an increasing rate. An analysis of barge line statistics for the last two years discloses that the gain in machinery and metal products brought down to New Orleans, presumably for export, has been 144%. The annual gain in traffic for the calendar year of 1929 was 19%. Under the heading of machinery and metals are included automobiles and agricultural machinery.

The barge service has been a heavy carrier of grain, cotton and other bulk commodities since its inception. Heretofore, however, the movement in machinery, metals and manufactured products has not been particularly large. Proponents of the barge service contend that this new trend in the traffic indicates a silent revolution in the nation's transportation system. The flow of industrial goods to export markets henceforth will be southward, they assert. Railroad men are reported to be skeptical but worried. They believe that if there is to be a change in the flow of the nation's traffic, the railroads should share in it. General T. Q. Ashburn, chairman of the Board of the Inland Waterway Corporation, stated that while the trans-Appalachian traffic always will afford an important outlet for the goods of the Middle West, it is now clearly indicated that the southern outlet at New Orleans will soon be in the ascendancy.

Barge line advocates further point out that an increase in the traffic over the waterways does not necessarily mean a decrease in the traffic of competing rail carriers. It is their contention that the barge line is now justifying its existence by creating an entirely new type of traffic. This is in reference to the increasing amount of heavy industrial products that are being hauled. For example, the barge line recently carried away from a riverbank plant a heavy piece of electrical apparatus that, without it, could not have been fabricated at this plant since physical limitations would have prevented transportation over the railroads.

Distribution ► Shoe Shank Factory Picks Georgia Site

THE Industrial Committee of Savannah has always contended that coast cities south of Baltimore might play an increasingly important rôle in manufacturing, in particular for the northern seaboard markets.

Now the United Shank and Findings Company of Whitman, Mass., a subsidiary of United Shoe Machinery Company of Boston Mass., will erect a $100,000 factory in Savannah for the manufacture of shoe shanks.

Reasons for choice: first, the large amount of available raw materials, particularly hard wood timber, and second, the fact that they could manufacture economically at Savannah and deliver finished products by water both to northern cities and to foreign markets. They also expect to ship economically by rail to the Middle West.

International Newsreel

$500,000 LAW SUIT

Judge Lacey D. Jennings heard the case in which the Santa Marguerita Ranch Company and Vail Corporation spent that much fighting over water rights of Santa Marguerita River, California

Distribution ► Spain Has Lesson in Modern Selling

European Bureau The Business Week

SPAIN, least progressive of continental countries, is taking an expensive lesson in merchandising.

For years, Spanish olive oil has been sold in bulk, to France and Italy. There sometimes it was blended with local oils, sometimes not, but always it was packaged under French or Italian labels.

This was all right with the Spaniard so long as he sold his oil. Came two bumper crops, and he couldn't sell his oil. The French and Italians had all the oil they wanted. More, they had the market; owned all the brands known to consumers. Housewives didn't know Spanish oil, esteemed by connoisseurs.

Spain's oil exports dropped 60% in 1929. Spain woke up, is advertising Spanish oil, is putting out Spanish brands in attractive tins. The trend has turned upward. In December, 3040 tons were exported in cans, 2110 tons in bulk. Loss in bulk exports, 72%; loss in packaged exports, only 24%.

Pacific & Atlantic

THE FEMININE TOUCH

Women are rapidly invading all branches of industry in Soviet Russia, and are proving very efficient. As in the United States, they are largely employed in textile plants—this woman is at work on a shearing frame

Utilities ► **More Light on Country Roads**

ELECTRIFICATION of rural highways to increase their efficiency, reduce accidents and furnish beacons for night aviation, urged this week by Louis J. Brooks, prominent Missouri farmer and first president of the Missouri Hard Road Association, is meeting with favorable response from the electrical industry and from federal state and county highway officials.

Sponsors of the idea claim that it is as logical for the nation and state to light the highways as it is to construct and maintain them. With powerful refractory roadway lamps, placed along trunk lines and at intersecting points, the hours for automobile night travel would be greatly increased, they declare. Electrical engineers, busy figuring costs, declared that 5% of the cost per mile of road paving will install highway lighting, allowing a pole lamp every 300 ft. or 18 lamps a mile. The maintenance of these is estimated at $3.33 a month or about $40 a year. This would mean that $75,000,000 of the $1,500,000,000 now spent yearly for state-aid road construction and maintenance would be needed for lighting.

Special legislation by state and nation is required to amend highway law to include roadway lighting in future appropriations. New York, New Jersey and Georgia have already passed enabling acts providing for rural electrification of highways in counties with 200,000 or more inhabitants. Roadway lighting is growing in popular favor in suburban counties, Detroit alone claiming 345 miles of illuminated country highway.

Mining ► **Northwest Plans To Push Lignite**

IMPORTANT economic changes in the Northwest may result from experiments to make commercially available vast beds of lignite located there. Some 600,000,000 tons of lignite, most of it available by cheap strip mining, exist in North and South Dakota, Minnesota and eastern Montana. While this vast storehouse of low grade fuel lies chiefly unused, the Northwest imports quantities of hard and soft coal from the East and South.

Lignite deposits have not been worked because of difficulty of transporting it. It contains 40% moisture—too heavy to transport; is very susceptible to spontaneous combustion; ordinary methods of drying cause it to crumble and slack. University of Minnesota research workers have adapted an Austrian process of drying lignite through the use of steam which appears to be successful. Moisture contents has been reduced to 20% without crumbling.

Mine-mouth steam-electric plants are growing in number. Processing is not required. Forced to substitute lignite for coal during war period, many domestic users now prefer it. Making lignite transportation economical may expedite industrial progress in Northwest where absence of fuel has retarded progress.

Lignite production grows even under present handicaps. Output last year in North Dakota, alone, was 1,900,000 tons. Little of it left the state. Coal operators in other sections fear loss of large market; railroads wonder what they can substitute for return loads to the grain elevators of the Northwest.

Keystone View

WALTER O. BRIGGS

The head of Briggs Manufacturing Company, maker of automobile bodies, refreshes his own body in the sea at Miami Beach, far from Detroit's wintry winds

Metals ► **Seek to Extend Non-Ferrous Uses**

PROSPECTS for wider use of non-ferrous metals and minerals is indicated in a world survey of the mining industries recently completed by *Engineering and Mining World*. Gold output is declining slightly, South Africa continuing to lead as the largest contributor, with the probability that Canada will oust the United States from second place within a few years.

Silver has suffered from lack of opportunity, restriction of utilization, competition in the industrial market, the handicap of being a by-product of some base-metal operations. Controllable production has been reduced, although Mexico still maintains the lead in output.

The African diamond industry, under control that aims to protect it from the demoralization that follows over-production, is in a reasonably satisfactory condition. Extraordinary finds of diamonds in Namaqualand and adjacent territory in Southwest Africa are a center of interest.

Lead production throughout the world shows a tendency to increase in sympathy with demand and price stability. The recent past has been prosperous, and the future is promising. The United States maintains its position as the principal producer, with Australia and Peru watched for increases.

Aluminum finds new fields of usefulness under stimulus of research, at a stable price compatible with quality and exceptional characteristics. It shares with most other metals the hazards of possible substitutions.

Copper production, helped by research and publicity, has climbed in response to a demand stimulated by a knowledge of facts. The demand will persist.

Zinc, less subject to benefits of collective influence than most of its competitive metals, faces a period in which every avenue of opportunity for improvement in its economic position must be studied. World production is increasing, the United States continuing to augment its output of electrolytic metal.

The slow but sure penetration of more efficient methods and wider utilization of mechanical equipment in the tin industry are helping to increase output. Declining prices can be stemmed only by a demand based on reliable data, and such data are not forthcoming.

Nickel, with a short but intensely interesting history, presents an object lesson to those who are skeptical of the benefits of continuous technical and industrial research. Opportunities for use in rustless iron and steel are promising.

Labor ► **Business Groups Study Employment**

REPRESENTATIVES of 18 organizations of Dayton, Ohio, have been meeting to discuss the problem of employment stabilization ever since October—before the market crash. Six discussion meetings have been held under the leadership of Professor W. M. Leiserson of Antioch College. As a sequel to these meetings, an executive committee has been appointed empowered to collect data and to study all sides of the unemployment problem. Sub-committees will deal with research statistics, cooperation with state and other agencies, temporary employment, public works, seasonal production and similar subjects. A representative of the executive committee took part in the meeting held in New York February 20 and 21 under the auspices of the Social Science Research Council during which ideas were exchanged with other cities such as Cincinnati, Rochester, Philadelphia, which, like Dayton, are making unemployment a civic problem worthy of the attention of their leading citizens.

Personnel ► **A Laboratory for Fire-Prevention**

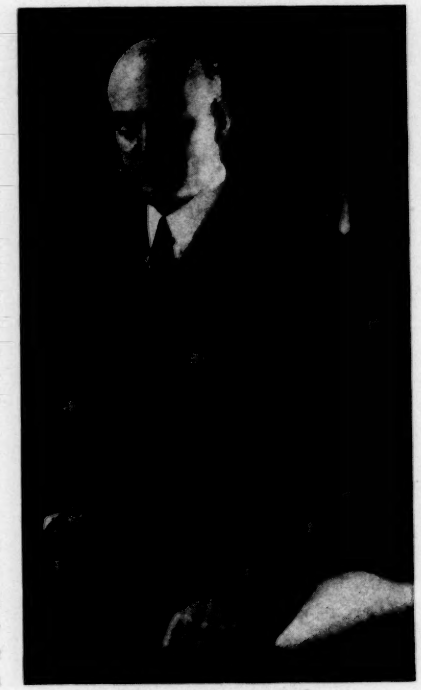
FIRE-PREVENTION interests Worcester citizens. "Box 4 Associates" has been formed among public-spirited citizens for the purpose of aiding the fire department and salvage crew in time of fire. Service is voluntary. In addition the fire department has installed a complete automatic sprinkler system which is used for practical lessons in the reduction of fire losses. Students are, for the most part, factory watchmen and maintenance men. Competent instructors explain how the equipment works, what it is for and how it should be used in an emergency.

Personnel ► **Foundrymen Found Training School**

AFTER struggling rather unsuccessfully with ever-growing problems, foundrymen are becoming convinced that the solution of many lies in adequate training programs for the education and development not only of mechanics but of executives, technical experts and salesmen.

The Connecticut Foundrymen's Association, in cooperation with the state Board of Vocational Education, is to establish a foundry apprentice school, which will provide complete trade training in iron, steel and non-ferrous branches of the industry. The Board of Education will provide a building, equipment and teachers. The school will be administered by a joint body representing the Board and the Foundrymen's Association.

A 2-year course will be given, four-fifths of it being devoted to practical foundry work and technology. Mathematics, blueprint reading and related subjects will occupy the remaining time. Facilities will be provided for both full-time students and foundry apprentices.



HEADS BALDWIN

George Harrison Houston, president of Baldwin Locomotive Works—one of the first photographs ever published

The former pursue the regular 2-year course; the latter spend their first 2 months in school and thereafter alternate every 2 weeks between school and foundry. In the school, employed apprentices will work on castings supplied by their employers and their work will be paid for by employers cooperating in this educational plan.

Management ► **Budget Simplifies Advance Planning**

THE current search for closer control over business operations has brought budgets of various sorts into the business picture. The Grafton & Knight Company of Worcester, Mass., has set up an unusual financial budget which appears applicable to other industries. It includes the familiar schedule of accounts payable and receivable with estimates comparable with actual data. Receipts from sales are estimated on the basis of last 2 months' average sales less cash discounts and credits. For the past 9 months, these estimates have been from 95% to 104% of actual.

Two unusual features of the budget are the method of controlling mass purchases and the daily scrutiny of invoices. For purchase and delivery of raw materials, an authorization sheet originates with the buyer, is checked by the production department for fitting into its schedules, goes then to the treasury for alignment with other obligations and is finally passed on by the general manager. In this way, material purchases, particularly future commitments, are scheduled for shipment when they can be best handled financially. Supplementing this procedure, all large invoices are listed daily on a distribution sheet which permits planning financial activities several weeks in advance.

Textile ► **Would Have Expert Guide Production**

TEXTILE leaders in New England are discussing the action of Congresswoman Rogers (Massachusetts) in urging amendment of the pending appropriation bill of the Department of Commerce so that a government textile expert can be stationed in Boston to help the industry.

New England mills, for some time, have been turning to production of higher types of goods with which they can compete with Southern mills. The government expert would be expected to advise the industry in finding the type of production best suited to it. Textile leaders there approve the idea.

Personnel ► **Traveling Doctors Cut Time Losses**

WHILE many employers recognize the value of periodic physical examinations of their employees, few conduct them with the regularity of the Chicago & Milwaukee Electric Railway. This concern has a large motor truck completely equipped for the work and manned by a medical staff. The truck moves from station to station along the line between Chicago and Milwaukee and examines employees where they may be reached with a minimum loss of time.

A tour of the road has just been completed. The chief surgeon reports that only 8 men were removed from work to be treated, but 128 were treated and restored to work without time loss while 38 were treated for ailments and defects which could not be completely cured but which did not require lost time.

Herbert

TOBACCO KING

Sir Hugo Cunliffe-Owen, head of The British-American Tobacco Co., is accompanied by Hugo Jr. on his trip to America

Distribution ► **Competitors Mass Selling Attack**

THE practice of setting up cooperative selling organizations is growing among manufacturers of related lines serving the same market, and is making some headway even in the competitive field. Wisconsin cement products makers, for example, have a cooperative sales organization which turns over an agreed percentage of business to each manufacturer it represents. The house furnishings group engages in cooperative selling, as do several groups of brick manufacturers, who use cooperative methods for the sale of different styles of brick.

Such cooperative selling may, in time, provide a better way out of trade and financial difficulties than mergers. One of the great wastes of distribution is the expensive independent effort to sell single lines which do not produce sufficient profit to justify the time and effort. If the selling can be done cooperatively—for example, if the manufacturers of chairs, beds and other related articles can distribute their product through a common organization—many of the troubles which have beset mergers will be avoided and the main point gained, which is better and cheaper distribution. Manufacturers who have in the past ignored the jobbers and sent salesmen directly to the retailer, are now, in effect, establishing their own jobbing houses.

A report on this development is being prepared by the Policyholders Service Bureau of the Metropolitan Life Insurance Company.

Oil ► Red War Again Stalks Abroad In the Oil Industry

WAR has broken out again in the oil industry with a bitterness which old-timers say has not been seen since the grand pre-dissolution days of Standard of Jersey. The enemies in presence along the vast Texas and Mid-Continent front are Standard and Sinclair. The pretext for the war is the holy spirit of conservation. The real reason or reasons behind the conflict will probably be subject for debate for many a year, as in most wars. Out of the maze of controversy from all oil quarters—and nobody is neutral—about all that is factually clear so far can be put down in a few points, to wit:

1. Mr. Sinclair got out of jail, set instantly to welding several powerful independent oil companies into a gigantic merger. Prairie Oil and Gas was disclosed to be without Rockefeller parental influence, was caught red-handed flirting with the scandalous upstart enemy. Standard, ever anxious about usurpers, mobilized, which in oil means prepared to cut crude oil prices, which was the only way to break the still unbroken spirit of Mr. Sinclair.

2. Mr. E. B. Reeser, president of the American Petroleum Institute, was publicly accused by alleged propagandists of outrageous lack of neutrality in his high and sacred office. It was heroically proposed again to draft Mr. Coolidge, but with the same result as the other draft. Polemics of a Jesuitical fineness developed about the difference between Mr. Reeser of the A. P. I., and Mr. Reeser, oil company president.

3. The War Lords of Standard declared that a state of war existed in Texas and the Mid-Continent. Prices of crude were slashed, just as previously slashed, and by Standard, in California.

4. Every enemy of Standard in the affected region attended a monster mass meeting at the hot-tempered town of Tulsa and scorching views were aired.

5. A war chest was organized and filled to overflowing. This was an unprecedented action against old Standard. Never, even in the fiercest episodes of the battles of old John D., had such an insulting, impudent, bad-mannered gesture been pulled off in public. No. 26 Broadway was frankly horrified.

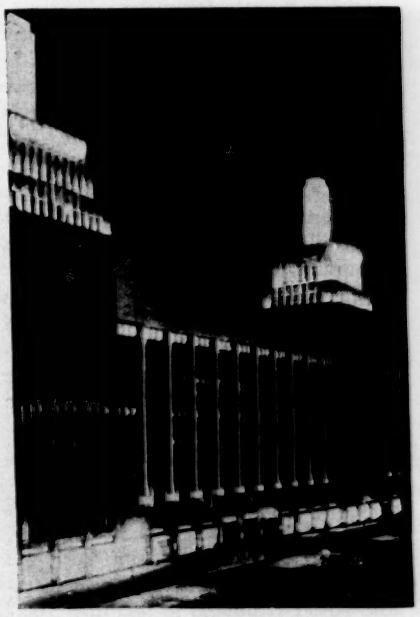
6. Five hundred indignant and independent oil executives left Tulsa on a special and extra fast express train for Washington, D. C., to complain to President Hoover against Standard. In Standard circles it was thought unofficially that there were only 295.

7. The President did not actually count these gentlemen, who looked at a distance to be determined, rough, angry and slightly disheveled, but he decided that, in any case, there were too many to be received in a crowd. Consequently, he listened to a committee.

8. Alleged propagandists let it leak out that it was thought, again unofficially, in the highest governmental circles that the President, the Senate committees, the House committees, and officialdom generally were opposed to relieving the situation by a tariff of one dollar per barrel against Venezuelan crude. Such an intimation, replied alleged propagandists for the other side, was fallacious, premature, indiscreet, scandalous, and an outright lie.

9. It was threatened from highest quarters that if such a tariff were imposed, the entire refining industry would go to other lands, ruining this nation's oil business and its safety in war.

10. Amidst all the talk something happened. Field Marshal Harry Sinclair suddenly capitulated on his whole line to Field Marshal W. S. Farish, the name of whose subsidiary Standard company is, curiously enough, Humble.



EXCLAMATION POINTS

In long channels of frosted glass, Neon-Mercury tubes draw spectacular lines of light down the front of Berlin's newly-opened Karlstadt Department Store

Utilities ► Muscle Shoals Debate Gets Down to Brass Tacks

THE interminable Muscle Shoals discussion, now 10 years old, got under way again this week before two Congressional committees (House Military Affairs, Senate Lobby). Most prevalent opinion as to final action is that the Norris plan (operation by Federal board and leasing of fertilizer and power privileges) will be adopted, but the outcome is still far from certain.

Muscle Shoals is both a chemical and power problem. The government embarked, during the war, on a program to make nitrogen from the air available as nitrate for munitions, and on a new method of direct synthesis. The former (cyanamid) was the more extensive of the two and was carried on by contract with the American Cyanamid Company, patent owners, at that time a Duke subsidiary. That contract, with recapture clause, drawn by Charles E. Hughes, now Chief Justice Hughes, is still in force, and indications are that it is not to be regarded as a scrap of paper.

The cyanamid plant and power plants were completed by the government, together with the synthetic plant known as Nitrate Plant No. 1—the latter now practically discarded. Developments in the chemical industry meanwhile have, in the opinion of many authorities, made the cyanamid process obsolete. The synthetic process dominates.

Thus stands Muscle Shoals at present from a chemical point of view.

Chemical engineers point out two possibilities: the cyanamid plant might be used to make fertilizer, provided it could be got cheaply enough, and subsidized. The electric power might be developed for electrochemical or electrometallurgical industries (carbide, aluminum, ferro-alloys).

Many prominent chemical engineers favor this solution: Sale or lease of power to utility or electrochemical companies: operation of synthetic nitrate plant by Department of Agriculture and Ordnance as an experimental unit; discarding and salvaging of the cyanamid plant.

As a power project, Muscle Shoals is being greatly exaggerated. Actually, with present development of the Tennessee River at that point, the available power is limited to less than 100,000 horsepower for 90% of the time. It can be compared with the unheralded Conowingo power plant on the Susquehanna River in Pennsylvania, a medium-sized affair as power plants go. Muscle Shoals, as a matter of fact, is less than one-tenth as important as Niagara Falls as a power source.

Most important, however, is the entire Tennessee River. It is more richly endowed with potential water power than any equal area in eastern United States, and it is estimated that an installed capacity of 4,777,800 kilowatt hours of hydro and 1,077,000 of steam capacity would be required to develop it completely. Tennessee valley business men are represented as feeling that the apparent political embargo on using the water power available above Muscle Shoals has blocked natural development of the section.

International Newsreel

FRANK B. KELLOGG

The former Secretary of State and author of the Kellogg Peace Pact forgets the cold weather and perfects his game at Miami Beach

Automotive ► Americans Protest French Tariff

By Special Cable to The Business Week

DEALERS in American automobiles in France appeared this week before the French government tariff committee to present arguments against France's proposed automotive tariff. Press reports were optimistic; intimated an agreement would be reached on a 45% duty—equivalent to 60% of invoice value—almost the same as the present tariff. Other observers were not so sanguine; believe present measures will be approved with changes making duties lower than those originally proposed but considerably higher than those now in effect.

This opinion is based on the statement of the tariff committee that it means to protect French industry adequately but does not intend to uproot American automotive business in France. One interpretation is that new duties will permit American concerns to enter the French market but on terms considerably more restricted than those they now enjoy—which are none too lenient. Supporting the dealers are Citroën and some other French manufacturers protesting the high duties proposed for American parts used by them.

Government ► Nation Rests on Shrinking Tax Base

THE costs of government of the nation are being paid by fewer and fewer people, who, in turn, are earning more and more. Official figures, just released, show that just 2% of the population of the country paid income taxes in 1928. This was fewer than in 1927. The amount paid by this 2% (or 4,000,000 people) contributed one-fourth or more of the entire costs of the government of the United States. It totaled more than $1100 million, a 38% increase above 1927 returns. Corporations accounted for a little more than another fourth of these costs, and the balance came from diversified sources. In 1928, for the first time, individuals paid more income taxes than did corporations.

The increase in burden borne by the income tax-paying minority is well shown by the tax rate. A charge on the average of 4.64% of their incomes was levied by the government in 1928, against 3.68% in 1927. Average income per income tax payer increased to above $6,000 for the first time.

Wages and salaries of individuals still yield the largest income item. They brought in only 36% of the individual income in 1928 as compared with 39% a few years earlier. Business and partnership incomes also dropped in importance. Income from investment and speculation grew sharply.

Income from businesses, wages and salaries four years ago brought 60% of the income, and that from securities trading, interest, dividends, real estate transactions and rental accounted for 40%. In 1928 the position had changed and the figures were 55% and 45%.

What the Figures Show

THE latest week's records are not so encouraging. The rate of gain in basic industrial activity is somewhat lower and general trade indicators show no improvement. The January upturn is probably not being carried through February at the same pace.

The rate of steel ingot production increased again for the week, but the increase was not as large as it has been in past weeks. The average for the industry rose from about 80% to around 81% of capacity as compared with 88% a year ago. The Steel Corporation is running between 85% and 86% as compared with 84% in the preceding week and above 90% last year. Independents showed a fractional rise from about 76% to 77% as compared with over 86% a year ago. On the whole it is probable that the February rate of steel production will approximate the average for the month in most years before 1929, so that this basic industry will have made a fairly quick return to normal levels.

AUTOMOBILE steel demand is increasing steadily. January automobile production is estimated at nearly 288,000 cars and trucks in the United States, more than double that in December and above the figures for the corresponding month in 1927 and 1928, but about 28% below January, 1929. It is expected that February will show at least a 10% increase over January production.

The four weeks' average of general building contract awards is still moving downward and considerably below last year. There has, however, been a slight but steady increase in the actual figures from week to week since January 18, although they are far below last year's levels.

The same general situation is true of heavy engineering construction awards. Actual weekly contracts awarded have been rising since February 6, but the daily average on a four-week basis is still declining. Altogether, there is still evidence of hesitancy in building construction, which is probably chiefly due to the season.

BITUMINOUS coal production is running at a lower rate and is considerably below last year. The effects of industrial recession are now showing themselves, and the January report of consumer's stocks, 40,300,000 tons, indicates that the high output of the last few months of 1929 was going into stocks rather than into consumption.

Petroleum production continues at a high rate with increasing disorganization and price weakness in the industry.

THE general price situation is still unsteady and uncertain. The wheat and cotton averages remained fairly level for the week but there have been recurrent market breaks pulling prices to new low levels. Iron and steel prices have been fairly steady for several weeks, and there is still no sign of break in the copper price.

Fisher's all-commodity index declined still further for the week, but

FIGURES OF THE WEEK

	Latest Week	Preceding Week	Year Ago
PRODUCTION			
Steel Mill Operation (% capacity)	81	80	88
Building Contracts (F. W. Dodge, daily average in thousands, four-week basis)	$ 9,764	$10,755	$14,796
Bituminous Coal (daily average, 1,000 tons)	*1,823	‡1,938	2,012
Petroleum (daily average, 1,000 bbls.)	2,653	2,614	2,675
TRADE			
Car Loadings (daily average, all classes, 1,000 cars)	148	150	159
Check Payments (outside N.Y. City, millions)	$ 4,573	$ 5,840	$ 5,428
Wheat Receipts (1,000 bushels)	5,235	3,390	6,496
Cotton Receipts (1,000 bales)	114	117	180
Cattle Receipts (1,000 head)	*138	‡143	140
Hog Receipts (1,000 head)	*653	‡701	709
Wool Receipts (1,000 lbs.)	1,659	4,896	3,832
PRICES (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$ 1.13	$ 1.12	$ 1.18
Cotton (middling, New York, lb.)	$ .158	$ .158	$ .202
Iron and Steel (composite, ton)	$35.24	$35.24	$36.25
Copper (electrolytic, lb.)	$ .178	$ .178	$ .178
All Commodities (Fisher's Index, 1926-100)	93.1	93.4	97.6
FINANCE			
Total Loans and Discounts, Federal Reserve member banks (millions)	$16,588	$16,625	$16,230
Commercial Loans, Federal Reserve member banks (millions)	$ 8,907	$ 8,934	$ 8,715
Brokers' Loans, New York Federal Reserve member banks (millions)		$ 3,450	$ 5,477
Federal Reserve System Ratio		77.9	70.8
Stocks Sold (N.Y. Stock Exchange, 1,000 shares)	15,367	20,143	18,538
Stock Prices (N.Y. Times, average 50 stocks)	$224.89	$221.72	$237.89
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$42,757	$54,129	$44,545
Bond Prices (Dow, Jones, average 40 bonds)	$ 93.91	$ 93.89	$ 95.51
Interest Rates—Call Loans (daily average)	4.0%	4.4%	7.1%
Interest Rates—Time Loans (daily average)	4⅜-4¾%	4¾-5%	7¾%
Business Failures (Dun, number)	566	619	467

* Preliminary
‡ Revised

the National Fertilizer Association index showed a slight rise.

GENERAL trade indicators were on the whole unfavorable. Total carloadings were lower for the week. Non-bulk carloadings, which have been showing a steadily increasing margin below 1929 and 1928 levels through January, have shown progressively smaller deficits during the first two weeks of February. Bank debits made a rather bad showing during the week ending February 12, which contained only five business days in many centers. The latest week's figures for 131 cities outside of stock trading centers, however, were down over 10% for the year and considerably lower than the 1928 level.

Commercial loans of reporting Federal Reserve member banks continued to decline, as did total loans and discounts.

Business failures were slightly smaller in number for the week but substantially above last year.

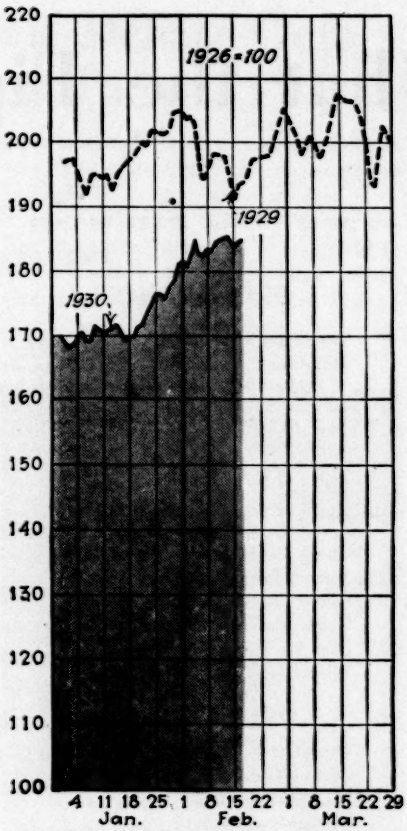
Money and the Market

THE stock market still wavers. Great irregularity from issue to issue is noticeable. The averages, after climbing to the highest point reached since the crash last fall, have been unable to continue the upward progress. The board this week exhibited very much the same characteristics as it did after the crash: there were fluctuating movements that tended in no particular direction. But the present level is much higher than at that time.

Observers are looking for important developments in money and credit. The week saw no changes in rates, but foreign exchanges continued to recede. Currencies of leading nations went down to the lowest levels reached this year. The franc and the pound are near the point at which gold will flow into the United States and show no signs of an accession of strength.

The downward trend of foreign exchanges is unseasonal. At this time, foreign currencies are usually strong. The fact that grain exports are lower this season would seem to argue that rates should now be even unusually strong. That they are not is in large part due to the securities position and to political conditions, although no complete explanation is yet available.

Foreigners have recently been buying more securities in New York. Firms with foreign connections report a distinct pick-up in this activity. Americans have not returned to buying foreign securities in any volume. France's plentiful supply of money is seeking investment and some is coming here.



THE MARKET DAY BY DAY

(Standard Statistics Company's Daily Stock Price Index)

Unsettled economic and political conditions in England are bringing about a "flight from the pound." Britain fears higher taxes soon. Business and industry are in a poor position and trade is decreasing. The situation has developed to such a point that some funds are leaving Britain for what their owners think to be sounder place for investment.

In the United States, money rates, despite the rediscount rate reductions by the Federal Reserve, are higher than what is normal at this season. The Reserve changes have had little effect on open market rates. Charges in other nations have eased more than they have here. The rate pull on foreign funds which caused so much unsettlement before the market crash is thus still active, although to a much smaller extent.

The present outlook, therefore, is for gold imports in some volume, unless there comes about some distinct change not now in sight. To all of this, the Federal Reserve system holds the key. Federal Reserve policy will determine the outcome, if other factors continue unaltered.

Three courses are open to the Reserve. It can go out into the open market and, through purchase of bills and securities, put out a considerable volume of funds. This would ease rates here and tend to equalize conditions with those abroad so as to prevent a gold inflow.

The gold can be allowed to come in with the Reserve following the familiar program of offsetting the imports. Under this plan, bills and securities to the volume of the gold imports would be sold in the open market. Or the system can let the gold come in and exert its natural influence to ease credit conditions.

Thus far, the system has favored moderately easier money. It has supported easing first through open market operations and lately through discount rate reductions, which have had a minimum easing effect. The present outlook, therefore, is for further easing of interest rates.

Gold shipments to the United States thus far this year have come from more than 25 nations of the world. The heaviest have come from South American countries and from Japan. Close observers believe that shipments may come from France in the near future. France could prevent such a move without difficulty, as it has huge balances in foreign exchanges. But being desirous of building up Paris as an international financial center and acquiring for it a reputation as a free gold center, it is likely to permit shipments to take place.

This country's preponderantly favorable balance of payments works over the longer term for gold imports. That balance in favor of the United States is estimated to be more than $1,000,000,000 annually. This plus income from investments abroad and payments upon debts causes funds to flow here.

Volume of bankers acceptances decreased by $39,642,000 in January, according to figures available this week. A reduction after the year end in the total of these bills outstanding is to be expected. The significant figure is to be found in the comparison with a year ago. The total of $1,692,000,000 outstanding on February 1 was $413,522,000 higher than a year ago. The extent to which bills have grown in popularity and usage in trade financing is adequately told by these figures.

December Decline Worst Since 1921

IN the present situation business is not much interested in lingering over the facts about the recession following the market crash; but in judging the probable future course of industry and trade it is sometimes valuable to have a comprehensive view of the comparative extent of the decline from which business has to recover.

Such a general view is afforded by the general indexes of the volume of trade compiled by the Federal Reserve Bank of New York, which have been referred to earlier in these pages because they are the most careful and complete measurements of general business movements available, not only taking account of seasonal fluctuations but making allowance also for normal growth.

The preliminary figures for December indicate that the recession at the end of 1929 was in most respects more severe than any since the post-war depression of 1920-21. It was more marked than that in 1927 in every respect, more severe than in 1924 in most respects, and in some respects it was almost as severe as the 1921 decline.

The index of general productive activity, which includes employment and building construction, fell in December 15% below normal. This is the lowest figure of record since that for November, 1921. In 1924 productive activity fell at the most 7% below normal in June, and in 1927 only 1% below, in November.

Primary distribution, which includes carloadings, wholesale trade and foreign trade, was 7% below normal in December, the lowest figure since September, 1921. In 1924 the largest decline was 5% in June and July and in 1927, 6% in December.

Distribution to consumers, based on department store, chain store, mail order sales, advertising lineage and life insurance sales, was 1% above normal in December, which is a somewhat better figure than was shown in 1921 when the average for the year was 3% below normal. It was a better showing, also, than in 1924 when distribution to consumers fell 2% below normal in July. This measure of trade, however, made a worse showing than at the end of 1927 when it was 7% above normal, although it fell 2% below in January, 1928.

Financial activity in December was 28% above normal as measured by new security issues, stock sales and grain and cotton futures sales. This was a considerably better showing than in any previous recession except that of 1927.

The General Business index, which includes postal receipts, telephone and telegraph business, electric power production, new corporations formed and real estate transfers, as well as check payments outside New York, was only 2% below normal in December. This was a worse showing than in 1927, about the same as that during the middle of 1924 and considerably better than during the 1921 depression.

General trade and production was 7% below normal in December. This was a considerably worse showing than in the 1927 recession when the index continued above normal, somewhat worse than in 1924 when it fell at most 3% below in June and July, but considerably better than in the 1921 depression, when it fell 10% below normal.

The comprehensive index of the total volume of trade was 4% below normal in December. This was a considerably more severe decline than at any time during the 1927 recession and slightly more marked than during 1924, when the index fell at most 3% below normal. The decline was less, however, than during 1921 when the index fell 10% below normal during the worst months.

January Trade Records Are Better

ALTHOUGH similar comprehensive figures for January are not yet available, the broadest measure of general trade conditions during that month is the record of check payments in member banks of the Federal Reserve System in 131 cities outside the ten main financial centers. The total of these bank debits for the month was about 7% below that for January, 1929. The decline from December was 4.6%, a considerably smaller decline than took place at the end of 1927 (7%).

The next most general measure of trade conditions available for January is that of carloadings. Total loadings for the four weeks of January were 6.2% lower than in the corresponding period of January, 1929 and about 7% below the average for the corresponding period during the past five years. If the figures are brought up through the first week of February the total is 5.9% below the corresponding period last year.

Since the Shippers' Advisory Boards have estimated that the loadings for the first quarter this year would show a decline of 0.6% from the corresponding quarter of 1929, it is evident that carloadings will have to increase more rapidly than they have so far this year in order to bear out this estimate.

Foreign Trade Not So Bad

THE January foreign trade figures are not so unfavorable in comparison with previous years. Exports amounted to $417 millions, a decline of 14.5% from January, 1929. This decline is larger than any during previous years since 1920 or 1921. Imports were $312 millions, a decline of 15.3%, largest since 1926.

The change between December and January, however, is not large. Exports declined 2.3%, whereas they fell off 9.9% at the end of 1927, 15.2% at the end of 1926 and 7.5% at the end of 1924. Imports increased 0.6%, a somewhat smaller rise than has been usual in past years, but contrasting with a decrease of 0.5% at the end of 1927.

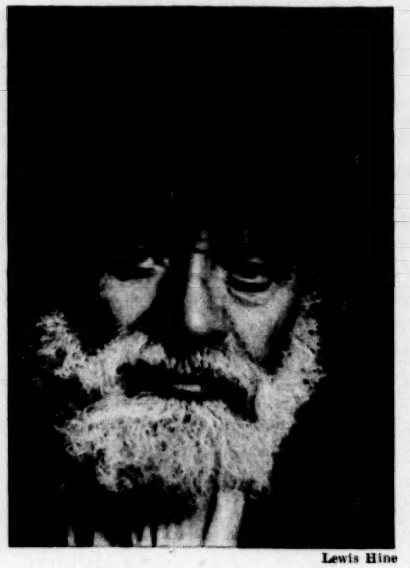
Building Prospects Cloudy

ALTHOUGH the record of building contract awards for January, as indicated last week, was encouraging for the month, showing an increase of 2% over December for the first time in nine years, the figures of building permits issued during January do not afford so much encouragement as regards future building prospects. These permit figures reflect chiefly plans for residential construction in the smaller cities. The S. W. Straus figures of permits issued in 566 places were 46% lower in value than in January, 1929 and 17% lower than in December, 1929. Bradstreet's figures for 192 cities show a decrease of 9.2% from December and of 48.7% from last January. Dun's figures also show a total of building permits for January somewhat less than half the value of those issued in January, 1929. The total of New York City permits in January was about 30% larger than in December, but less than ⅓ as great as in January, 1929.

In contrast to these indications that lighter types of residential construction are lagging, the *McGraw-Hill Construction Daily* reports contemplated heavy construction operations of all classes, announced during January, amounting to $624,502,000 as compared with $550,120,000 in January, 1929. At the same time the *Engineering News-Record* figures show a total of heavy construction contract awards so far this year about 48% less than in the corresponding period of 1929.

It thus appears that while general construction under way showed improvement in January, prospective work declined, and heavy construction prospects improved though actual heavy construction under way was lagging.

The Long War for Peace in the Garment Trades



Lewis Hine

Risky, rowdy, chaotic, America's fourth largest industry struggles away from the sweatshop toward sanity and order

CLOTHING is our fourth manufacturing industry. Its annual total of nearly $21½ billions output is topped only by automobiles, iron and steel, and meat packing. One thinks of New York as a world finance center, a great port, a forest of office buildings. It is all that, and a great industrial center besides. New York designs and manufactures about 90% of the clothes worn by American women.

This industry is a city within a city. It has streets of its own, set aside for its recreation. It lives an individual life, speaks an individual language. Everything in the metropolis is touched and colored by it. Raiment here produced makes the New York woman the envy of the world. Tragedies and comedies of the trade permeate our literature. It is a rich source for the stage wise-crack and the printed joke.

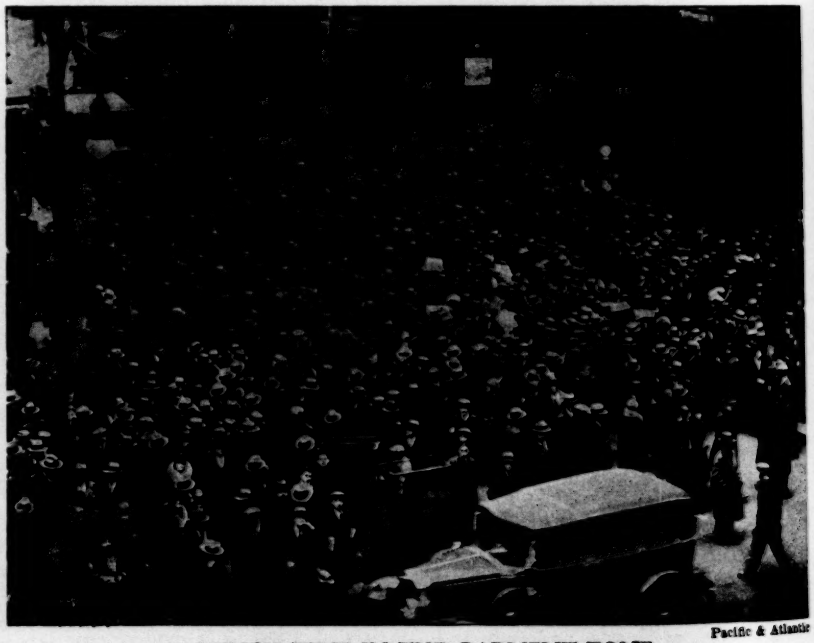
Born in smelly East Side tenements, tragedy still clings to the clothing industry. The first workers were ignorant immigrants. They were mercilessly exploited. Their struggle for better wages and working conditions has caused quarrels and strikes beyond number. But out of chaos, the industry is struggling slowly toward the security which is its right.

IT was hope of contributing something toward bringing order into America's wildest industry that brought about a speedy settlement of the recent dress workers' strike in New York. Victory for the union was a result of eagerness for any arrangement promising lasting peace. Curiously, the manufacturing-employers were with the strikers. Already unionized, members of the inside manufacturers' association suffered from competition with jobbers who squeezed low costs out of contractors who, in turn, took it out on the workers. Inside manufacturers were not strong enough to cure the evil so the union had their blessings and best wishes. In accepting a dominant position, the International Ladies' Garment Workers' Union assumes a tremendous task.

Agreement was signed with organizations representing the inside manufacturers (firms making dresses in their own premises and selling to the trade), the jobbers (who send materials to contractors to be made up), and the contractors. Inside manufacturers accepting the agreement will confine themselves to union workers and union rules. Jobbers will restrict their contract work to union shops outside New York and to parties to the agreement in the metropolitan district. The arrangement will be tried for 3 months and become permanent if it works. Also, a commission representing all interests is set up to umpire quarrels. An impartial chairman will be appointed for the entire industry.

Most important is the covenant made by the jobbers to allot work only to union shops. It places under discipline thousands of small contractors and subcontractors. A vast majority of these represent ephemeral organizations, suffering from chronic capital starvation, that have accepted jobs at suicide prices to get work. In a struggle for profit they, in turn, ground employees, paid low wages, operated under sweatshop conditions.

The strike agreement pledges jobbers to patronize only contractors and sub-contractors who meet union requirements. It seems to be working. A large and powerful element maintains open



Pacific & Atlantic

LUNCH TIME IN THE GARMENT ZONE

So great are the crowds that whole streets are closed to traffic while the workers walk about smoking, talking, and sunning themselves

shops and is aloof from the associations. There is a grave question as to how these outsiders will affect the situation. The union is concentrating on a campaign to organize workers in these shops.

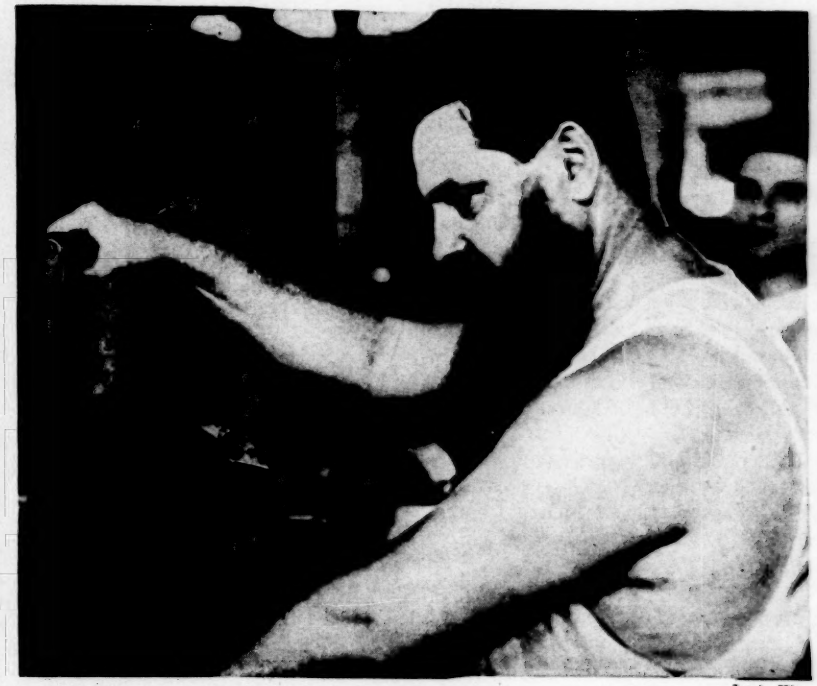
IN the earliest days of the republic, visitors were astonished by the brilliancy and richness of the American woman's costume. A multiplication of wealth has carried this national trait beyond anything that could have been imagined. By 1925 figures, our clothing industry is fourth in importance, with men's clothing valued at $1,087,000,000; women's, $1,293,000,000.

New York state holds a commanding position in style creation and manufacture. In 1925, its output of women's clothing was over a billion dollars; of men's, $470,000,000. The industry is far and away the leader of manufactures in the metropolis. The factories for women's wear employ over 80,000 workers in the city. Total workers in the United States and Canada number about 150,000. In the cloak and suit trade the workers are about 90% organized; in the dress trade about 75%.

It must be understood that the recent strike was confined to the dress trade. So completely does New York dominate through its command of style that it sets conditions for the industry. In the city are some 3,700 employers of whom about 500 are manufacturers in the true sense of the word. At least 3,000 are small contractors, wabbly, fly-by-night enterprises, clutching avidly at work tossed them by jobbers. One out of every three fails and disappears.

The International Ladies' Garment Workers' Union has 35,000 members in the dress trades. Just finished is the second strike of a carefully planned series. Others are to come. Last year the union engineered a strike of cloak and suit workers. The attack was made with the International's strongest and best unit. Some 50,000 to 60,000 workers make up the New York union. It is stronger than the dress trades organization. Most of the dress workers are women. In the cloak and suit trades, most of the workers are men. Their strike last year lasted ten days.

Results of the cloak and suit strike were much the same as in the dress trades campaign. Both were drives against the sweatshop. The cloak and suit union got a firmer grip on the industry. A commission appointed by the governor and headed by an impartial chairman was set up to referee disputes. Results were so encouraging that the dress strike was inevitable.



Lewis Hine

ALONG and turbulent history has given the International a mastery of strike technique. Every detail of picketing, personnel and finance is worked out beforehand. Weekly budgets are established. So much is set aside to bail pickets who become entangled with the law, so much for relief, and so on.

The 1929 cloak strike cost the union $250,000. It was considered very cheap at the price. In preparation for it, an issue of 5½% bonds was floated. Also during the struggle bankers lent the union $150,000. The only security was the signature of "Benny" Schlesinger, president of the International. Interest charged was 6%.

Costs of this year's strike are not yet totaled. It probably was below the estimates. With two successes behind it, the union is now fixing strategy and preparing appropriations for its two coming strikes. The union will call out workers of the Children's Dressmakers Union, involving 8,000 persons; after that, the Ladies Tailors and Custom Dressmakers, involving 5,000 employees of the high-class shops.

"The strikes will have to be called," said a spokesman for the union confidently. "The first will start in a few weeks. We have decided all details."

"How much will they cost?" he was asked.

"From $40,000 to $50,000 each. The strike of the children's dressmakers will come higher."

"How long will they continue?"

"Each will last two weeks. The second won't begin until the first is out of the way."

He added that special features are planned for the disaffection of the custom group. These are the workers who make those divine and diaphanous garments referred to as "creations," paraded before the rich by lovely mannequins. Some of them cost $20,000—and are worn twice. And, say union officials, many girls who make these gowns get only $18 a week.

A situation crying to be dramatized. Appeal will be made to the sympathies of the buyers. Society girls will take part in picketing. A perfect combination. News-reel cameramen, newspaper photographers, sob sisters of the tabloids will broadcast to an eager world. The result—?

"We shall win," announced the union spokesman in a casual voice. "Both strikes."

NOT always has the International regarded approaching conflict with united ranks and bored confidence. It can look back upon crushing defeats as well as swift victories. Most disastrous was that following the seizure of control of union policies by the communists in 1924.

This was a purely revolutionary move. Communists wormed into the locals and got command of the joint board. The strike was primarily a demand for shorter hours. It was first called in 1924 but was postponed until 1926 when it ran twenty-six weeks and ended in de-

feat. Communists were kicked out of power when the workers realized what had been done to them. The strike cost the International $3,500,000 and left it $1,500,000 in debt. In lost wages it cost the workers $30,000,000.

Makers of men's clothes belong to a different organization—the Amalgamated Clothing Workers of America. These are mostly men. They are strongly organized and their industry is soundly established. Men will submit only to gradual change in clothing style. Plants do not have to be in New York, the fashion center. Witness the important clothing industries of Chicago, Rochester, Baltimore.

The cloak and suit trade has been rationalized to a degree approaching men's clothing. Buyers expect tailored garments to last, perhaps several years. Style upheavals cannot be too violent.

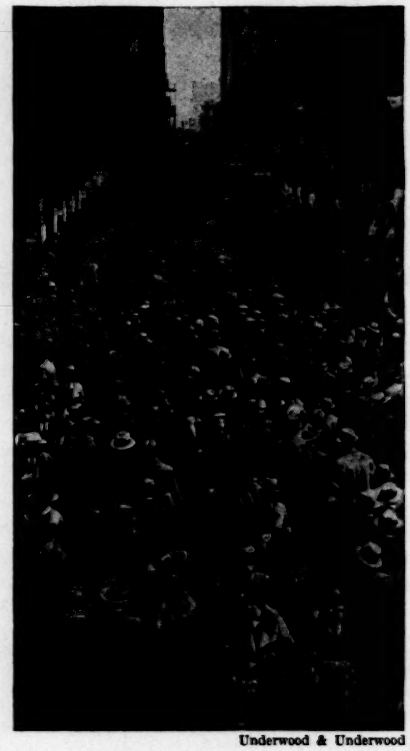
JEWS dominate the dress trade simply because only members of that amazing race can endure the risks involved. An important contributing factor is the Jewish woman's flair for style and design. Compared to the dress business, betting on race horses is a restful calling. No designer can tell what will take and what won't. A model that is a flop may be turned into a golden success by moving a button or a bow. Some firm captures a mystic quality of line that spells Park Avenue and Rolls-Royces for the owners. Next year the secret is lost. It may mean a return to the East Side and subway transportation.

In addition to seasonal whims and fancies, the industry suffers from the evolution of national habits. There was one short sweet interlude of tranquility during which women wore shirt-waists and skirts. Such simplification built big firms, made for stability of output and employment. It was too good to last. Tastes veered to dresses and variety of design; the industry broke up into warring fragments.

Open automobiles created demands for garments that were simple in design and hard to soil. During the war and after, a fur coat mania swept the country. Having invested heavily in this direction the buyer cared less for the dress underneath. Makers of cloth coats suffered. Enter suddenly, the closed automobile. It allowed indulgence in more delicate and elaborate fashions. Now the youngsters are leading a return to open cars. Most devastating perhaps, have been the movies.

Time was when a New York or Chicago manufacturer who went wrong on a style, could unload it on the smaller towns. Not any more. Your small town woman attends the movies where she sees her favorite beauty swaggering about in fashions that have been prereleased. She checks her observations by the fashion magazines. You can't fool her any more. She knows what Paris and New York are wearing. To meet her demands, the buyer from the small town makes repeated trips to the style centers. Growth of this habit is so marked that prophets foresee the extinction of the traveling salesman in this industry.

Thus the days of the average dress firm are short and filled with trouble.



Underwood & Underwood

Success is fugitive and remains not. The industry is the refuge of nomad capital, the peculiar province of a nomad people. A Jewish cutter who loses his job with an "inside shop" borrows a little money from his uncles, his cousins and his aunts, gets a few machines on the instalment plan and sets up a contract shop for himself. If he fails, he may open a restaurant.

EVEN geography of the industry is indefinite and transitory. The first firms did their work on the East Side with tailors and needleworkers who swarmed to the United States from Germany, Russia and Poland. Thence the industry shifted to Lower Broadway and Fifth Avenue. As it expanded, it crept farther and farther up the city's smartest thoroughfare. Hordes of shabby tailors, seeking a mouthful of fresh air during the noon hour, blocked sidewalks, made shopping impossible, offended their own best customers.

The Save New York Committee finally diverted the invasion. By zoning and police restriction, by cooperation of real estate firms, a district west of Broadway which had formerly specialized in vice became the new center of the garment trades. It lies along Seventh and Eighth Avenues to the south of 42nd Street. Gradually, it is wiping out the tenements and moving westward toward the Hudson River. It was one of the most interesting pieces of intelligent city planning yet accomplished.

DOG eat dog has been the rule of this industry. Some years ago the jobbers were the controlling faction. These firms bought goods, made up samples. Contractors were called in to bid on the manufacture of the models. By setting one contractor against the other, by bearing down the price without mercy, the jobbers got the work done at starvation rates. In desperate attempts to make a profit, the contractor was forced to grind the worker.

Along came the chain stores. Placing immense orders, they held an even more powerful weapon than the jobbers. The chains were shown the error of their ways and have now agreed to join the elements which seek the abolition of sweatshop conditions. Just now things have a rosy look. Not only has the recent agreement between employers and the union created fresh hope. Dresses are longer, more elaborate; call for more work on each.

Wages were not affected by the recent strike. The union pay for cleaners, examiners, and finishers is $26 a week; for cutters and pressers, $50; for operators, $44.

Workers and employers have, by the recent agreement, joined in a drive against chaos, the common enemy. The workers' organization feels strong enough to do what has been heretofore impossible. Says Louis L. Schwartz, president of the Affiliated Dress Manufacturers, the association representing inside firms:

"So far the agreement is working better than we expected. Manufacturers are coming into the organizations. We are very hopeful of the outcome."

They are given encouragement by the kindred industry of cloaks and suits. I. Grossman, president of the Industrial Council of Cloak, Suit and Skirt Manufacturers, declares that a similar plan "has worked well with the cloak industry." To his wish for success of the dress trades agreement, those concerned add a loud and fervent amen.

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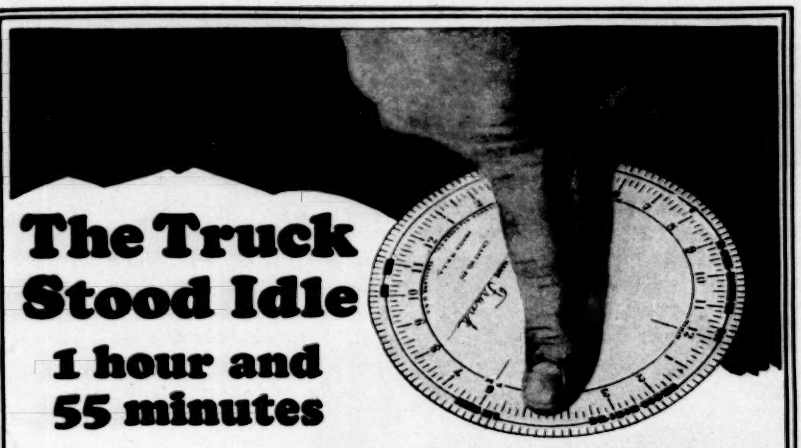

The Truck Stood Idle

1 hour and 55 minutes

And You Can Put Your Finger Right On It!

WHAT does it cost when a motor truck "pauses" somewhere for an hour and 55 minutes?

It costs pretty close to $8.00!

That's plenty, we'd say.

One thing is certain, you never realize it until you SEE it. And when you see it in chart form, [like that above] then, we repeat, you can put your finger right on those delays; and then you'll know what to do, all right!

A Truck Can Easily Waste $1,000 a Year!

Why allow it, when the *Servis Recorder* can prevent these costly delays? All you need is a screwdriver—why, you could *nail* this *Servis Recorder* on your truck and it will give you every day this "picture" of the work your truck did during the past 24 hours—the heavy marks on the chart registering the truck *at work* and the spaces in between showing when it was *idle.*

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And besides getting a real day's work out of each truck, you correct such abuses as Speeding, Overtime, Night Work, etc. Send for the whole story today. Use the coupon below.

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The Cattle Car Becomes a Truck

RADIOS, paved roads, trucks and daily newspapers are rapidly changing methods of marketing livestock; they resemble more and more those in vogue fifty years ago. Once the farmer and cattle grower drove his animals to the packing plant and dealt directly with the packer. Now, having learned of a favorable shift in the market over his radio or through his daily paper, he trucks them in. So widespread has the practice become that the packers are ignoring the livestock commission men, and are sending agents into the cattle country to buy animals for delivery by truck.

Last year trucks brought some 14,000,000 animals to 17 main markets, about 2,000,000 more than in 1928. In 1925 the total was only 5,400,000. Sioux City receives the most animals by truck; Indianapolis the largest percentage. The stockyards of the latter city have been pioneers in livestock trucking, and, in recent years, have transformed their horse-barn into a truck depot for cattle. There is also a hog terminal. Before it was built, lines of trucks a mile-and-a-half long, waiting to get into the yards, were not uncommon.

Despite increased truck receipts, the number of truckloads received at Indianapolis was practically the same in 1929 as in 1928, about 103,000 animals. This indicates that trucks are getting larger, and that more animals are being loaded into each truck. Only a few days ago a single double-decked truck brought in 90 hogs at one load, 10 more than are usually loaded into a railroad car. The speed of truck hauls makes it possible to pack animals in more tightly than can be done in a freight car. A dozen cattle are half a carload; standing cross-wise and arranged like sardines in a can, they are squeezed into a truck one-fourth as big as the ordinary cattle car.

Most of the livestock trucking is done by commercial haulers, some of whom are farmers operating trucks during their spare time. The net cost is generally lower, but truck rates are usually higher than for rail hauls of equivalent lengths. There is much cut-price competition among the truckers. The farmer is benefited in several ways by the new method. It is prompt, there is less shrinkage, and if the trucking is carefully done, less injury and less bruising to the cattle. Moreover, he need not send all his cattle at once. Animals that fatten rapidly, even if only a few, may be shipped in first.

New Alloys, New Processes Bedaze Steel Industry

Eaton, foreseeing new era, bases his merger largely on the control of special products

CYRUS EATON'S rationalization in steel hangs not so much upon control of ore supply, as upon more immediate control of special and patented processes. These are being worked into a middle western pattern of freight rate geography and industrial alliance with automobile demand as the central factor. No European foreign policy was ever more intricately set up than the Eatonian marriage of finance with metallurgy.

When Eaton and his Cleveland group undertook their steel program the iron trades were already on the march. The finishing departments were taking up automatic machinery, fundamental processes like smelting and iron puddling were being re-examined, and the Germans were completing some remarkable research in the chromium alloys. The Eaton specialties represented only the largest group among several, with even the United States Steel Corporation breaking away from its old attitude of tonnage first and all the time, revising its opinion of the value of patents.

Today the patent situation within the steel industry is almost as complex as that in radio, and much less definite. Several cases have been decided, and more than one are in preparation. The alloy field awaits delimitation at the hands of the engineering staffs of steel users. The high speed finishing processes are likely soon to establish new equilibriums in the metal industries. On the technical side the steel industry was never in the flux it has been the last two years, and the outworking on the economic field is only just commencing to stir things up.

ANY current list of the technical movements in the iron and steel trades, from the viewpoint of their possible economic weight, would include several of the following:

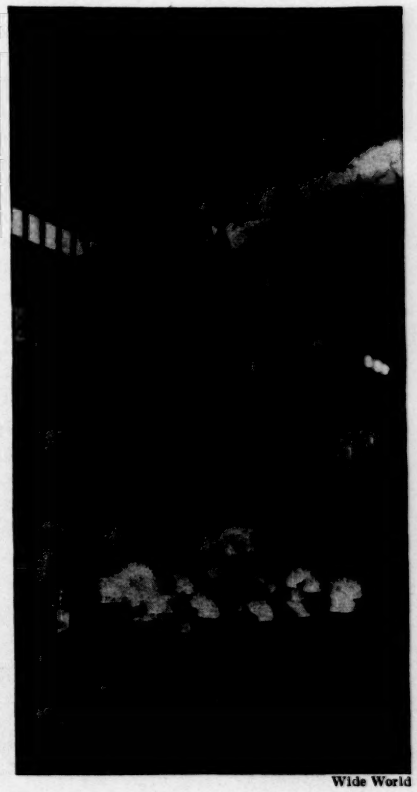
Hornsey-Wills magnetic reduction of iron ore at the National Tube plant at Lorain, O.

Two or three other sponge iron processes, such as those of Ford Motor and Algoma Steel.

The James Aston process of mechanical puddling, now operating on a large scale at the plant of the A. M. Byers Co.

The Ronald Wild patents in rust resisting iron, held by the Rustless Iron Corp. of America, at Baltimore.

Enduro Nirosta steels, Krupps' "KA2" formula, rust and corrosion resisting.



Wide World

Krupps' "nitralloy," a steel suitable for hardening by nitriding.

Leon Cammen's centrifugal ingot caster recently demonstrated in Canton, O.

The American Rolling Mills Co's continuous sheet rolling process, for which more tonnage has lately been licensed.

A. P. Steckel's sheet mill backed by Standard Slag interests in Youngstown, O., combining drawing and rolling in finishing processes.

The Gustav V. Johnston process for fast electrical welding of tubes, controlled by Republic Iron & Steel.

Applications of die rolling, also controlled by Republic.

Some of these, like the Hornsey low temperature reduction of ore, are still in the experimental and even secret state. Others have been extensively licensed. All are more or less still under development, either technically or commercially or both, and the sums appropriated last year and this year for plant construction to accommodate them probably exceed $70,000,000.

IN addition to the processes named, are certain counterparts or equivalents, particularly in the field of the chromium alloys. Here the situation appears to be complicated beyond the understanding of any single metallurgist in this country. It is obviously awaiting clarification.

The original stainless steel patent was that obtained in 1916 by Harry Brearley of Sheffield, England, but Brearley did not reserve the whole range of carbon content nor include the nickel possibilities. The research staff of Krupp at Essen, Germany, got around him by developing a chromium-nickel alloy containing so little carbon that it lay on that rapidly blurring borderline between iron and steel. Like the stainless steels it resisted rust and corrosion and took a polish, unlike them it was malleable and ductile, and was not heat treated. Ludlum in this country had a claim in part of the Krupp method, and in the resulting American license arrangement Ludlum participates with Eaton's new Republic and with Firth-Stirling in the general uses. Three other companies have it for special uses. Ludlum and Republic similarly share in nitralloy, which is in the new aluminum series of alloys of iron.

While the technical and commercial development of these particular alloys was going forward, several other companies in America were bringing out alloys of chromium and nickel of approximately similar content—nickel around 8%, chromium 12 to 20%,—and with certain of the same properties. These have been thrown into the competitive alloy field under various trade names, with the result that there are today probably 20 proprietary steels in the chrome-nickel brackets, some of them koshered by Krupp and the rest unlicensed. They are finding markets

principally in the automobile and chemical industries, and, in the Chrysler building in New York, have made a start as building material.

The entente between finance and the metallurgists has borne its most recent fruit in the announcement Feb. 10 of the formation of the Associated Alloy Steel Co., in Cleveland, by Timken Roller Bearing, Ludlum, and Sharon Steel Hoop (Hillman interest) to sell exclusively corrosion, heat and wear resisting steels. Timken recently went heavily into the production of electric steels with a new mill at Canton, O. James H. Hillman, Jr., of Pittsburgh, controlling Sharon Steel Hoop and A. M. Byers, is scarcely less interested financially in the newer metallurgy than Eaton in Cleveland. Hillman's Spang-Chalfant tube business has a limited license under the Krupp stainless patents.

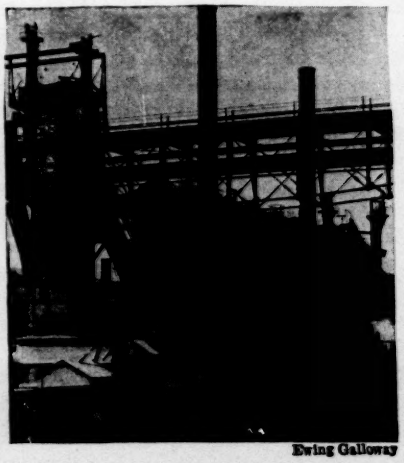
A similarly involved situation in the finishing processes has been clearing up. There were in 1927 several continuous rolling or "stripsheet" mills so similar in principle that they infringed on one another, but the American Rolling Mill Co. was able to establish priority and license the others. If Armco ever had an ambition to stabilize the sheet market by keeping down the number of applications of large scale continuous rolling, it appears to have given up the idea. The newest licenses are Otis Steel of Cleveland (Van Sweringen-Midland interest) and Youngstown Sheet & Tube, each of which is about to spend $10,000,000 on building the long trains of mills and furnaces and the buildings to shelter them. They bring the number of licensees to seven, which include Republic. An enormous increase in the tonnage of sheets is certain in the next two or three years, with inevitable repercussions on markets and competitive commodities like wood.

In the field of fast electric welding of steel tubing at least four processes have been brought out. These and the new equipment for the manufacture of seamless steel tubing by virtually continuous methods have probably doomed the old fashioned lap welding processes of pipe and tube production. The four arc welding processes are those of the A. O. Smith Co. of Milwaukee, the Republic Iron & Steel Co., the National Tube Co., and a recent development in Australia. National Tube's new electric welding pipe mill, designed by its own engineers, went into production at McKeesport, Pa., this month.

The Johnston stitch welding method of tube production came into the hands of the Eaton group by way of Steel & Tubes, Inc., which had been built up by Myron C. Wick, of the old Youngstown family. Johnston sold to the Simmons Bed Co. the rights to electrical welding of furniture tubing, and subsequently to Wick the remaining applications. Wick sold the process to Eaton for $9,000,000 and Republic is completing a plant at Warren, O., for its use on large sizes of tubing. The Cleveland people appear to regard the Johnston process as Republic's most valuable single asset. It is clothed in complete secrecy at the Cleveland plant. There flat plate is pushed through a slot in the brick wall and it comes out at a door on the other end as finished tubing. Within, a succession of rolls have bent the material into cylindrical form and extension electrodes fused the edges together. Improvements have been effected from time to time—a young engineer named Pancoast made $250,000 by stepping up the number of cycles in the electric current used.

THE most spectacular recent development in the primary steel processes is Leon Cammen's centrifugal ingot caster. Cammen, a New York consulting engineer, claims to be able to short circuit about $2,500,000 worth of mill equipment—ingot molds, soaking pits and blooming mill—and deliver slabs and billets in any size to the rolling mills. A caster of commercial capacity has been running at the Central Alloy plant in Canton for a year. Cammen is licensing several steel companies in its use, including apparently Republic. He believes that by control of both process and product patents he can restrict its use to about two-thirds of the primary steel production in this country, and thus in effect contribute to the stabilization of the industry, a thing no patented device has so far accomplished.

The Steckel mill in Youngstown is similarly controlled as to process and product patent. It is being employed on thin steels, but a number of heavier mills are in construction, including hot mills. No power is applied to the rolls—the steel is pulled between them by the reel on which it winds, and this is said to achieve compression in the steel without intermediate annealing.



Ewing Galloway

Ohio has long been the home of restless experimentation in the ferrous industries. At Lorain, where Tom L. Johnson developed the street car rail and United States Steel built the largest pipe works in the world, National Tube has been working with the Hornsey direct ore reduction process. This was brought from England by C. Harold Wills, the automobile metallurgist. In three years not one definite word has come out of the plant on the results being obtained, but steel engineers are hearing that sponge iron has been developed for certain special uses and that the process will not displace the blast furnace under American conditions. In a rotary kiln like a cement kiln, carbon monoxide passes over iron ore and leaves a finely divided iron of sufficient purity to go direct to electric furnaces.

The James Aston process of mechanical puddling is being employed by the A. M. Byers Co. at its $10,000,000 plant recently completed at Ambridge, Pa., for the manufacture of iron for pipe. A stream of iron flowing into a pot of slag breaks up into particles, each enclosed by slag. Excess slag is pressed out in a hydraulic press. A two-ton Aston converter has the output of 88 old-fashioned puddling furnaces. Iron manufactured in this manner is adaptable, it is asserted, not only to pipe but to a large number of the former uses of iron, such as corrugated sheet, and the Byers company is setting out to reconquer some of iron's lost provinces.

All of these processes, ranging as they do from the first handling of the ore to the final steel sheet or tube, are thrown into the competitive swirl of the industry. Some of these have large financial backing, others have to work their way. They are stirring the older departments of the steel industry to make such improvements here and there that they can maintain a position in the face of the new process. For example, the sheet mill is mechanizing itself to compete with continuous rolling, the seamless tube mill to compete with welded tubing.

It begins to be clear, however, that there is not enough room for all these powerful innovations in the industry as it is now constructed, and that before long the product will be moving out into new markets with almost explosive force. Steel furniture is crowding wood—will steel houses come next?

Cork Bobs Into Smoother Waters

AFTER bobbing its way into the stream of international finance, and out again, cork has come home to Spain to be stabilized. The Spanish Compañía General de Corcho has merged majority interests, is setting out to untangle some of the knots tied in the last three years in which a would-be trust, away from sources of raw material, manipulated prices without a sufficient majority control—and ran into difficulties—many difficulties. American buyers are looking on with satisfaction.

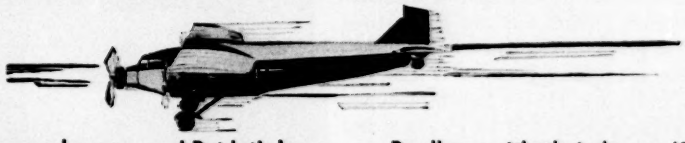
It was in 1927 that the Belgian firm, Compagnie Commercielle et Industrielle de Liége, set about building up a "cork trust." It started with a nucleus of several cork-stopper manufacturing concerns in Belgium. Followed additions to the company in Portugal and Spain, financing in Holland and Germany, and finally branches in France and England. There was an attempt to corner the cork market. Failure burst the bubble. "C. I. L." shares dropped from about 500 to 30. Losses last year are estimated at 97,000,000 Belgian francs. The trust is "busted"; the market is weakened. The slow but almost constant rise in the price of cork since 1927 is ended.

Spain and Portugal, with allied interests in North Africa, virtually control the sources of raw cork, but because they have not "pulled together" effectively they have never consistently had the market under healthy control. Even during the period of C. I. L. manipulation, certain private interests remained aloof. Not the least of these were groups selling consistently to United States buyers, largest of whom are Armstrong Cork and the Crown Cork and Seal Company. Though prices have increased steadily, the volume of purchases of these two companies has tended to minimize price fluctuations in their own market.

Another attempt at monopoly has failed, one in which the interests of consumer and producer were subordinated to the desires of speculators.

Spain has moved to stabilize one of its most important industries. American branches in Spain, Portugal, France and Tunisia look for healthier conditions with effective cooperation from the Spanish government. American importers foresee lowered prices. Baltimore and Lancaster, Pennsylvania, will continue to receive huge shipments of cork waste from the Iberian Peninsula. Cork is no longer bobbing in troubled waters.

America's Newest Industry has the Newest in Washroom Equipment



"Clean washrooms, yes! But let's have them economical." That's what the aviation industry said when its sudden growth demanded new factories, new methods, new equipment. Quite naturally, they selected Bradley Washfountains for their washrooms—as hundreds of other industrial leaders are doing every year.

Bradley Washfountains banish the dirtiness, sloppiness, and unnecessary expense of washbowls and troughs. Ten men now wash at one Washfountain and use only slightly more water than one man previously did at an individual washbowl. Water savings of 80% are not uncommon after Bradleys are installed.

Bradleys, with their low, self-flushing bowls, keep water from dripping on the floor, because when washing, the user must bend over the bowl of the Washfountain. Far less janitor attention is needed to keep washrooms clean and attractive. Accommodating more men, Bradleys reduce the area needed for washroom purposes—an important point when space is at a premium. Whether you are building or remodeling—or just tired of supporting a sloppy, wasteful washroom—learn more about Bradley Washfountains. The Bradley booklet, "Modern Washroom Requirements" is sent without obligation. Ask for it.

Aeronautical manufacturing plants already equipped with Bradley Washfountains:

Axelson Aircraft Engine Co.	Los Angeles, Calif.
Curtiss Flying Service	Inglewood, Calif.
Glen L. Martin Co.	Stemmer's Run, Md.
Goodyear Zeppelin Co.	Akron, Ohio
Metal Aircraft Corp. (Lunken Airports)	Cincinnati, Ohio
Pitcairn Aircraft Co.	Willow Grove, Pa.
Pratt-Whitney Aircraft Co.	E. Hartford, Conn.
Sikorsky Aeronautical Corp.	Milford, Conn.
Western Air Express	Alhambra, Calif.
Wright Aeronautical Corp.	Paterson, N. J.
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At 26 Broadway, behind blank doors two able lieutenants administer world's vastest fortune for philanthropy, the heir

ON a sparsely grassed sub-tropical plain, decorated in the vague distance with the sort of half ornamental structures which adorn European race-courses or American country clubs, there stands between you, spectator-listener, and a smart little aeroplane an animated group of five human beings of picturesque mien. There is a good-looking youngish man in plus fours with his pretty young wife in country club frock, hat, and coat. There are two adorable little children, say five or six years old. And there is a man whom you have never seen, whom you will never see, whom you instantly recognized, whom you will never now forget so long as you live, so vivid is your impression.

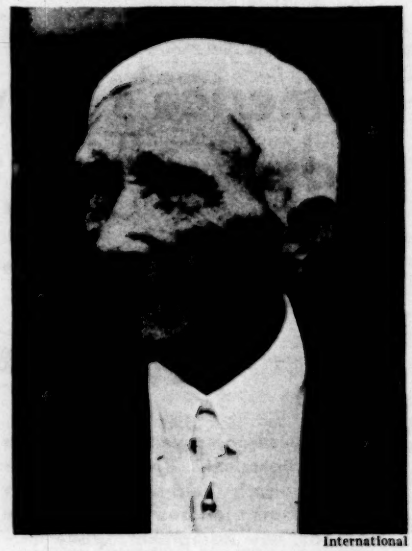
He is really an extraordinary physical personality, far above your anticipations, far beyond the means of any other than this latest transcendental means to portray or record. Every other description he has successfully defied. But the talking motion picture has not yet learned to lie. It gives him to you whole.

What is he like? First, he is lean and sparse and quick. He is a little bit stooped but he has a great deal of elegance and lightness about him.

He is above all keen, keen and extremely sudden in his decisions and movements. He is playful. When he pats the head of one of the children he joyously, but not ridiculously, throws his lithe right leg high over its head in a great hurdling sweep. He is in glee, he dances about as at some immensely happy prospect. He is just a little bit in the spirit which would govern the children, were they not standing there in such useless awe of him. He speaks little but his voice sticks in your memory; an English sort of voice, a precise, modulated, diction-schooled voice.

The aeroplane is wheeled up. Time to get aboard. With unbelievable alacrity he cries out that he, too, is going up in it. He clambers up unassisted with all the roguish interest of a schoolboy who has just been unforbidden. The ladylike little machine sputters off down the field, turns right about, returns without taking the air. Out hops our unbelievable man in his unbelievable sports clothes. He comes nearer. He is urged to speak, to give his friends a present, the immemorial present, the shiny dime. He fishes into his trouser pockets with great comic swoops of his hands beneath the tails of his overcoat. Out flash the dimes. "Bless you!" he says to each gratified companion, "Bless you!" And, advancing closer upon the rest of us, his audience, with an ineffable twinkle of eye and chuckle of voice he cries: "And bless Standard Oil."

This joyous little modern idyll from a



International

OIL AND PHILANTHROPY

Florida golf course represents quite charmingly and characteristically about all that is left on this earth of the greatest business personality of all time. The rest must necessarily be memory, immortality doubtless on earth through the world-wide significance of his charities. At last he becomes separated from all things, all men, all institutions, alone in the friendly sun on his own golf course.

Of worldly allegiances will he none, lodges nor clubs nor parties nor companies nor societies of any sort. The church, yes, but that is not worldly, not of this world, at least not for him. But there is one club, one organization, to which he does still belong. There is one association from which he has never resigned. It is significant that he still clings to this single membership. John D. Rockefeller is still a member of the New York Stock Exchange.

High in the marble-trimmed edifice which replaced the immortal rookery at 26 Broadway there is a section, a half-floor on one elevator division, to be exact—and not a large place at all—where there are no names on any of the doors. In the hall behind the rail sit three colored attendants of that mundane and sartorial perfection which only No. 26 can hire or breed. In these few little offices sit three important looking gentlemen, a few nice looking young or very young gentlemen, and a dozen clerks and stenographers. There are not many papers about and no vast files. Appearances are of the simplest. There is really nothing extraordinary about the look of this place. Yet it is really the most extraordinary few square feet in Christendom or heathendom.

It contains, it is, all that remains of the career of a material Emperor who reigned from the early eighties until only a few years ago and whose son is now the aged Emperor's Regent until Death liberates this Empire to its only heir, which will be Humanity entire.

There is no longer any Rockefeller business. There are no longer any Rockefeller interests. Above all, there is no longer "a Rockefeller crowd" in the Stock Market. What there is, however, is a Rockefeller fortune which is far and away the largest fortune ever got together by an individual or a family. Nobody knows how much it is or has been, and to endeavor to determine its extent would be a statistical pleasantry—meaningless, a series of digits signifying nothing. But it is possible to compare it to the Rothschild accumulation, certainly the largest previous achievement, and to demonstrate that the entire tribe that sprang from Frankfurt's ghetto were at the height of their wealth not rich in the sense that was and is the Cleveland oil pioneer.

What the little Rockefeller department in vast 26 Broadway houses is this fortune, which has now become an impersonal investment trust operated for the benefit of permanent philanthropies.

Three men operate this investment trust. At the head of it is the son and heir, as is natural, fitting, and fortunate. It was characteristic of the sagacity of the peerless creator of wealth that he should have had his only son trained, in so far as he could, not for the making

of more money but for the wise disposition of the menacing amount of it which had already been stored up. The son has been as successful as the father, in point of fact. Some three-quarters of a billion dollars, at least, have been invested in human betterment with just as few mistakes as marked the maneuvers and investments which created this unimaginable fund.

The first and second lieutenants of John D., Jr., are so little known that nobody can tell which is first and which is second. Most businesses have a buying end and a selling end. In the Rockefeller investment and philanthropy trust, gift replaces sale. The buying end in this case has to do with the investment of huge sums in securities or otherwise in order that the gigantic revenues of the father and son should not stand idle.

It is a Mr. Bertram Cutler who acts as investment counsel to John D., Jr., and it is a Mr. Thomas McElrath Debevoise who is his almoner. Neither of them has ever been interviewed for the public prints and there is not a publicly taken photograph of either of them in existence. Their names can be conjured with only in Wall Street or great financial environments anywhere in the world.

Mr. Cutler was brought up in the Standard Oil Company of New Jersey and is reputed to be one of the most highly expert men in the world at a profession for which he was not trained, which is investment banking.

Mr. Debevoise is a lawyer who came fairly late to the attention of the Rockefeller dynasty after a preliminary career which did not attract the same degree of attention elsewhere. It is still characteristic of the family that it grows its own ideas about men rather than swallowing the celebrity of public acclaim. By Rockefellerian judgment Mr. Debevoise should be a better sociologist than the professionals for he holds the greatest sociological job on earth. Let it be said that both of these gentlemen are as modest, as quiet, as simple mannered as they are unknown to the public.

This is where the famous seat of John D., Sr., on the Stock Exchange comes in. Under the rules of the Exchange only a member is entitled to the lower brokerage fees which are charged for selling or buying stocks or bonds. The public must under all circumstances pay the full fee and any broker—that is, member—who splits or remits commissions will be expelled. But under another rule of the Exchange a member may trade through another member at a very much reduced rate, amounting generally to between one-fourth and one-fifth of the commission exacted from the outside public.

Thus it was that in the good old rough days of individualistic capitalists most of the great men with a lot of trading to do quite simply bought seats, joined the club, got themselves initiated, even visited the floor and got hazed a little. The late great Pierpont Morgan used to cross the floor in person every Thursday to handshake a few old friends. It is recorded that the timid John D., Sr., refused to visit the floor, indeed that he did not on March 8, 1883, set foot inside the Exchange Building of the time. Nor has he ever been inside it, so far as is known by the eldest oldster. Today his seat is No. 8 in seniority, far behind Mr. William B. Wadsworth of 1869, still

Keystone

PHILANTHROPY

one of the most active men on the floor.

With the fortune at its present level the amount of buying and selling of securities which Mr. Cutler must undertake is naturally enormous, vastly greater than that undertaken even today by any individual or by any single institution for itself, not counting, of course, brokers or bankers acting for many clients at a time. Naturally he must trade through other brokers, for John D., Jr., is not a member. Unless he cares to waste millions of dollars a year—not precisely a Rockefellerian trait—he must "give up," as the saying goes, the name of John D. Rockefeller, Sr., when he makes trades.

Now under the rules of the Exchange every member must keep accounts of what he does, for purposes of future auditing and investigation, and as a check for commissions payable between members. Inevitably the Exchange has never had the effrontery to audit John D. Sr.'s brokerage books nor to precipitate any investigations But it is a curious thought, nevertheless, to all of us infinitely smaller men, to know that it is obligatory that somewhere, doubtless in Mr. Cutler's office, a clerk toil the day long over his "blotter" on giant transactions on the Exchange in the name and under the letter-head of John D. Rockefeller, Sr., Member of the New York Stock Exchange.

What an item there would have been to enter that black and all too recent day if somebody had dared sell against John D.'s immortal standing order: "Buy 1,000,000 shares of Standard Oil of Jersey at $50!" And had such a deal gone through what a saving in brokerage the ownership of the old seat would have made!

Aside from watching the market, Investment Counsel Cutler is under the necessity of receiving bond salesmen. He is said to receive more of them and to receive them faster than any security buyer in the United States. In some of the gilt edge houses which stand high at 26 Broadway there are salesmen who see him every working day of the year. But they are not the best salesmen; rather are they the worst, for all they have to do is write down orders. It is not for bond salesmen to weary the ears of the greatest security investor of all time with tunes about their wares. He knows what he wants. But the carefully chosen polite young men who wait on him say he is the nicest customer on the list.

Both of the Rockefellers long since ceased to sit on boards of directors. Messrs. Cutler and Debevoise do this work for them when such work is, indeed, strictly necessary. In the case of the great Standard Oil companies it is not so, for control is effectively exercised—usually—through the traditional loyalty of the staffs; furthermore, in all of the old Standard companies the Boards were made up uniquely of active executives, sometimes with a Rockefeller, sometimes without.

John D., Jr., has personally made very few irruptions into affairs. Once was during the labor war at the Colorado Fuel & Iron Co., the property which was recently put up in negotiation for sale to Cyrus Silas Eaton. On that occasion Mr. Rockefeller's activity was of a humanitarian, sociological, not of a business nature. A second and more spectacular appearance of the master was in the fight for the ousting of Col. Robert W. Stewart as chairman of the Standard of Indiana. The third and last invasion of the practical sphere was during the recent panic, when the famous bid for a million shares of S. O. of Jersey focused the attention of the world.

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Roads and Buses Opening Mexico

MEXICO, always seriously handicapped by the lack of good roads, has launched a highway building program calling for the expenditure of $40 millions in the next 5 years, $6 millions during 1930.

Benefits to Mexico will be better facilities for reaching markets, increased income from American tourist trade, development of bus lines to supplement inadequate rail transportation, generally accelerated economic development. To the United States, it will mean a growing market for automobiles, road-building materials and machinery; a rise in purchasing power for all our exports, because of increased internal development in Mexico; provision of a stronger link with Central America.

In 1929, Mexico had 72,167 automobiles and trucks, almost all of American manufacture, yet there are very few improved highways outside city limits. A survey made in 1925, when a modest road-building program was planned, showed 11,083 kilometers of roads in use, with 7,995 more completely impassable. Of the highways in use, only 835 kilometers were called good, 7,660 passable all year, 2,588 passable in dry weather only. Some progress has been made since then, but it has been slow.

Present construction on a road between the country's two largest cities, Mexico City and Guadalajara, should be completed by the end of 1930. Immediate building efforts will be concentrated on parts of a projected highway from the United States border to the Guatemalan, to be part of the proposed Pan-American highway stretching from Vancouver, B. C., to Valparaiso, Chile. Most of this road is already open from Laredo, Tex., to Mexico City through eastern Mexico, but parts are barely passable. From Mexico City to the Guatemalan border it is even worse. The Mexico City-Guadalajara route will eventually be extended through western Mexico to Nogales, Arizona.

Meanwhile a start has been made in interurban bus transportation. Since August 1, 1929, Pickwick Stages have operated their buses from Laredo to Monterey and Ciudad Victoria near the Gulf Coast, a distance of 350 miles. Lines from Mexico City to Acapulco, Pacific seaport lying 175 miles south, and to Pachuca, 70 miles north of the capital, are about to be opened. By the end of the year, Pickwick will have 1,200 miles of bus lines in Mexico.

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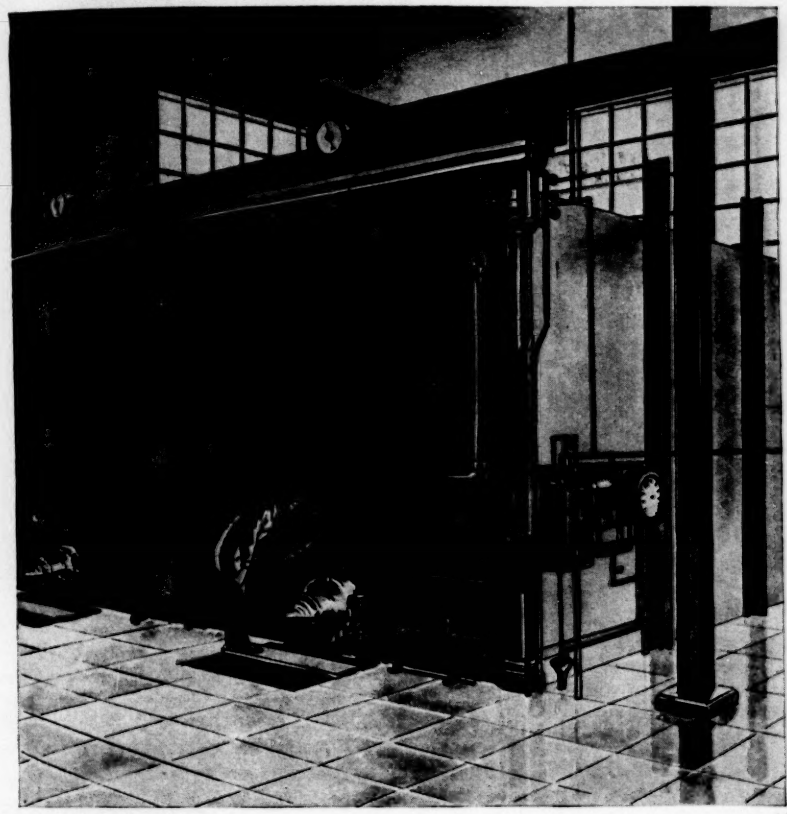

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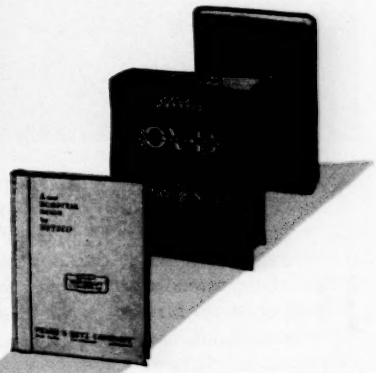

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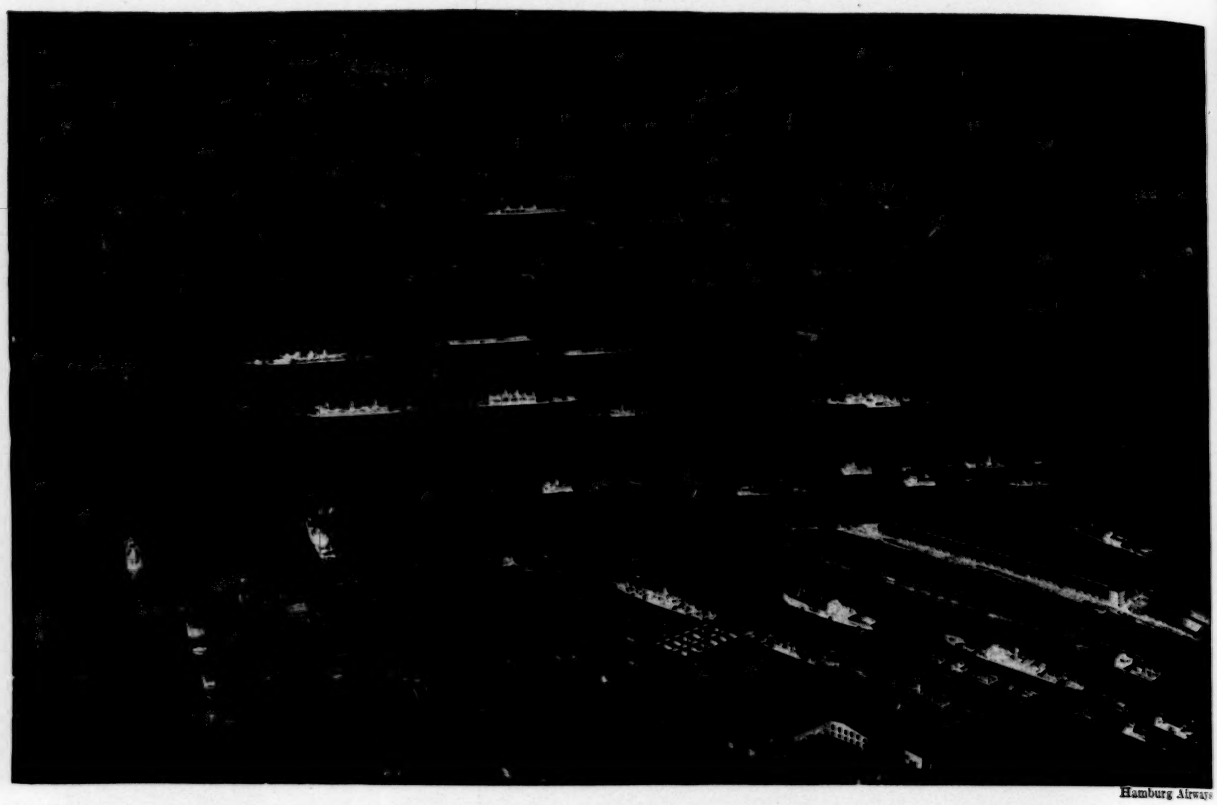


Hamburg Airways

Hamburg—"Port of Europe"

BY their recent shift in base from Bremen to Hamburg, the United States Lines have added American support to the claims of the stout old city on the Elbe to the resounding title of "Port of Europe," and American encouragement to the campaign launched to secure that title for all time.

A study of the port, conducted jointly by the Department of Commerce and the Shipping Board, shows that the United States holds the leadership in value of trade with Hamburg, its contribution reaching $400 million in 1928. Great Britain, leader in total of tonnage discharged at Hamburg, ships a far narrower range of commodities, about 90% of its cargoes being coal.

Germany's busiest seaport has entered upon a program that will make this city of 1½ million, not only the marketing center for North Germany, already achieved, but the distribution center for all of Germany and Czechoslovakia to boot and the logical terminus for shipments consigned to these countries.

The first step was to debunk old prejudices, petty politics, and join with Prussia to build modern docks, a larger free port area, better rail connections, to carry on extensive harbor dredging, to launch a great advertising campaign.

United in effort, Hamburg and Prussia have formed a limited liability company with a capital of RM 70,000,000. Agreements and plans are ready for the spending of RM 25,000,000 on improvements before 1933. Dredging and widening of harbor basins, the building of new and wider streets are under way.

Feature of the port of special importance to shippers is its vast area devoted to free port facilities. In this free port area, which occupies more than half the harbor, duty and bond formalities are non-existent. Goods from incoming ships can be discharged, sorted, stored, repacked or even converted into semi-finished and finished articles. American automobile firms, American manufacturers of canned goods and exporters of fruits make use of the modern storage sheds in this free port before distributing their goods throughout Germany and the Continent. Ship-building firms, coal and gas companies, flour mills, chemical, dye and paint companies, iron, engine and rubber factories maintain plants here. On Waltershof Island, between the harbor proper and the river, the Deutsch Amerikanische Petroleum Gesellschaft, a Standard Oil organization, has special storage facilities.

Hamburg, on the river Elbe, is 62 miles from the North Sea. In its 4095 acres which compose the harbor, 1,949,940 tons of shipping were handled in the single month of December. Its commerce for the entire year 1929 totaled more than 28 million tons valued at slightly more than $3 billion, or approximately one-third of the total foreign trade of the United States during that year. During the first 6 months Hamburg showed a net registered tonnage of ocean-going ship arrivals of 10,930,300 tons, second only to the port of New York, which led with 15,165,910 registered incoming tonnage for the same period. London followed Hamburg with 10,446,000 tons.

German-American transatlantic traffic is now handled at Hamburg by 9 Hamburg-American liners and five United States Line ships. Hamburg realizes the prestige and financial advantages which the coming of the American line brings and is extending the United States Line a hearty welcome. The city's highly industrialized hinterland and ever-growing commerce may be counted upon to maintain a steady expansion, especially since the amalgamation of the Greater Hamburg harbors under one cooperative administration makes this growth technically possible.

The Railroad Turns Express-Man

It is buying trucking companies, developing store-door service, splitting freight cars into "containers"—and raising a new problem in utility regulation by its innovations

THE railroads are out to develop freight transportation into a complete, one-company, shipper-to-consignee transaction. Purchase of the United States Trucking Corporation, huge New York City motor haulage concern, by the Van Sweringen interests (Nickel Plate, Chesapeake & Ohio, Erie) together with current interest of other rail carriers in this field, presages closer affiliations with local motor trucking companies which transport the freight from factory to railroad station and, again, from station at destination to consignee's place of business.

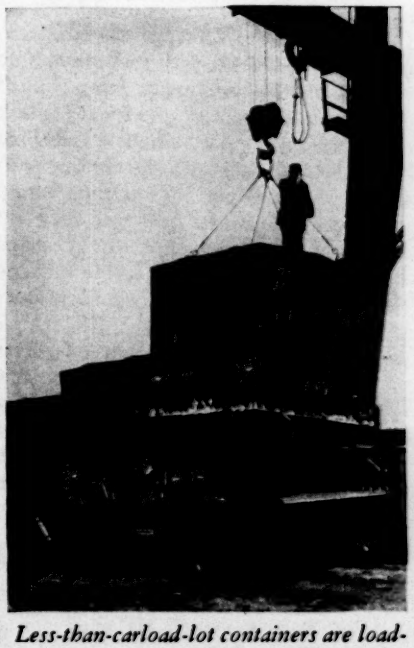
The Railway Express Agency, owned outright by the railroads, over which they conduct their expedited package freight business, admits that it is planning to offer railroads truck service wherever they want it. The Agency now has 8,941 vehicles and a highly-developed organization.

RAILROADS move freight cheaply because they move it wholesale. But collection and delivery of freight at points of origin and destination, with each individual shipper and consignee making his own arrangements, is a retail business and consequently much higher in its unit costs. For many commodities, then, local trucking charges are the principal part of total transportation costs—the rail haul of perhaps hundreds of miles being an unimportant fraction. Transportation, the railroads now declare, is not the business of moving freight from one railway station to another but from the point of production to the point of consumption.

This new concept they find is difficult of application—largely because the railways which must cooperate in any change are somewhat circumscribed by regulation, which, they feel, is more zealous to prohibit discrimination than to promote progress. Store-door collection and delivery of freight was a fact in Washington, D. C., years ago, but the Interstate Commerce Commission put an end to it upon the complaint of a consignee just outside the zone of free delivery. The railroads have fought shy of the service because of a fear that an attempt would be made, if local truck service were provided by them, to have such costs absorbed in the line-haul rate. Collection and delivery is provided by the Canadian railways, however, without this fear having been realized.

Store-door delivery, under another name, (i.e. "constructive station" service) was a recent practice in New York until the Interstate Commerce Commission put an end to it. The railroads terminating in New Jersey brought their consignments for New York delivery across the Hudson to Manhattan Island pier freight stations on car floats or lighters. One railroad, the Erie, conceived the idea of substituting motor trucks for lighters and car floats. It located the New York station in a rented warehouse rather than on the more costly waterfront pier.

The idea developed further so that, if the consignee desired to appoint the Erie's trucking contractor as his local truckman, the consignment would be moved from New Jersey directly to his place of business in New York. The railroad paid for the truck movement from New Jersey to the New York waterfront and the consignee from that point to his place of business. Such movement saved money for the railroad in rental of station space in New York and in the cost of station handling of the merchandise. The consignee likewise benefited by the saving in the cost and by greater speed of delivery.



Less-than-carload-lot containers are loaded direct from car to truck

Other railroads followed the Erie's lead and competitive complications arose, so that all but one of the railways urged its abandonment when the Interstate Commerce Commission investigated the service. The Commission, in ordering the suspension of the service, however, was sympathetic to truck movement of freight in New York provided means could be discovered to avoid discrimination. Studies looking to the discovery of some acceptable plan of handling this problem are now under way.

RAILWAYS declare they are handicapped in introducing innovations because new service, applied experimentally in one locality, may bring complaints of discrimination from other points before any practicable plan can be worked out for nation-wide application. It is this handicap, doubtless, which explains the fact that one of the most interesting experiments now being made in transportation is by transportation companies which are not common carriers and hence are not subject to governmental regulation. These companies are the large freight forwarders or consolidators, and the device which they use is the unit freight container—which may be roughly described as a fraction of a box car of a size for convenient handling—five or six at a time—on a gondola car or, one or two at a time, on a motor truck.

Applications of the container idea are almost limitless. Development of quick-freezing processes for foods, for instance, has set engineers to work on a container capable of handling this type of business. Incidentally, if they are successful, a serious problem confronting the packers will have been solved.

The railroads which offer container service do not, of course, restrict their use to forwarding companies. These companies, however, provide themselves with trucks and other facilities for efficient handling and are prepared to offer shippers a door-to-door service. The individual shipper does not appear in such a transaction at all, as far as the railroad is concerned. The forwarding company is both the shipper and consignee on the railroad and makes such arrangements

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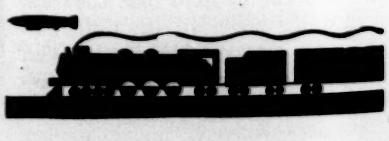
for collection and delivery of freight and such charges as it sees fit. The railroad charges the regular published rate for freight moving in containers, which is somewhat lower than the ordinary less-than-carload rate and the forwarder makes his profit in the spread between this lower rate which is quoted to him because he ships in bulk and the rate he quotes to the shipper, which will be more nearly equal to the full less-than-carload rate.

THERE is a potential disadvantage to the railroads in the increased activities of the forwarding companies in that the business they take is largely at the expense of the railroad less-than-carload freight, and the railways may see the revenues from such business decline, without being able to reduce their expenses in proportion. Some such risk, however, may be justified as a development expense of a new transportation device, which potentially is ideally suited —by the ease of its transfer from rail to motor truck and vice versa—to end competition between rail and highway, and thus to assure to each agency of transport its use wherever it has a plain advantage.

Any disadvantage which might accrue to the railroads, however, by having an outside organization such as a forwarder make away with some of the profits of transportation service would be offset if the railroads themselves owned the forwarding companies. The difficulty arises, however, that, if the railroads control these forwarding companies outright, regulation seems almost sure to follow. With one or two such companies working rather closely in harmony with several railroads, which do not, however, own them, independent forwarders have already started a demand that regulation be resorted to. Regulation probably ultimately will come. It would be unfortunate, the railroads believe, if it should come before the container can be put through its developmental stage.

Transportation begins in the factory and does not end until the merchandise is on the dealer's shelves. It is not unlikely that this enlarged view of the real nature of transportation's task may revolutionize distribution in some industries. The adoption of such an attitude certainly seems to promise much to the transportation industry.



George Washington Hill, Advertiser

CORPORATIONS, like peoples, have the kinds of governments that they deserve. Study a company's record, glance skyward or groundward along its jerky line of earnings, sit in its outer office, listening to the racket or the silence, sniff deeply the fiery or the filtered smell which pervades its vast prairies of desks, take a long look at the very form of every object about you, decorative or useful, and you will have a mighty hint of the sort of creature who is running all that. Some heads of great companies are serene, some are holy, others are pompous, some few are inscrutable, still others look infallible, but one thing they are almost never; the most arduous interviewer at the end of an exhausting year will be lucky if he can recall a single one who is altogether human. The bossing of great trusts seems to deform men. They become pontiffs. They begin to resemble their own puffs about themselves in the reference books.

Atop a desolate loft structure on Fifth Avenue, in that lugubrious stretch of town which marks the transition from Fourteenth to Twenty-third streets, is housed one of the largest, one of the most profitable, one of the most monopolistic industries in America or the world. Outside the swaying elevators the entrance scene is without chic, without caste, without visible order. Reception is fast, peremptory, point-blank range, just not quite rough. Furniture looks almost imitation. Personnel is efficient, fast dodging, breathless. Literature on the great, well-used table is technical, exclusively technical and excessively dull. The vast place buzzes and hums. Men catapult into glass bound offices and somersault out of them, waving papers like signal flags. Here surely is no bank, no investment trust, no proper old-lady concern whatsoever.

The smell and color give it away. It is blue, blue with smoke, bluer than any room in town. A hundred mouths and nostrils are blowing it out and up, billowed funnels of it, for all the world like a great flat field of tiny volcanoes. These people are actively in the tobacco business. These are the historic premises of the American Tobacco Company. These are the incredible diggings of a unique personality who is making all this commerce go round so fast.

In the plain corner room where sat gaunt Thomas Fortune Ryan, of rock-crusher visage, consorter with monarchs, where later sat another classic magnate, there now agitates and stirs the son of this latter magnate who is today at once the most anomalous, the most charming, the most humorous and altogether bewitching of company presidents. Who has not seen George Washington Hill does not know how much room is left for the bizarre in great American business.

George Washington Hill has never been quoted in print nor photographed

for publication and never will be. If this is so it is because the man is irresistible to even the hardest and most wicked of men. No reporter with a speck of honor left on his soul will ever quote him and the news snap-shotter is not yet born who would flick a shutter to his displeasure.

The veteran of a thousand palavers with the great and the mighty can do no more with him than to try to describe what he is like and to endeavor to relate some of the dazzling antics which he has performed. This Hill cannot forbid, for his fascination is altogether natural, no more controlled than the timbre of his voice, while as for his prodigies of destruction and construction in advertising they have glared from a million pages, sworn from ten thousand bill-boards.

MR. HILL is one of those slight little men who have about one thousand times as much personality as the tallest, heaviest eminence on public or private view. The very construction of his head would bring Picasso from Paris. The modeling of the frontal bones across over the eyes is a piece of sculpture which defies precision by means of any other art. His eye-brows are the most extraordinarily fierce little pair of bristling tufts, pugnacious, razor-sharp, each one a dainty mustache of expression. And his eyes! His orbs are positively the only knock-out pair in all big business. They are beads, they are gems, and they dart lightning, every kind of lightning, from child-glee to man-scorn. No less deadly in their charm are Mr. Hill's perfectly keyed teeth; his ears and lips and jaws are perfection in sensibility, sensuality, and will to power. And on top of a so prodigious head this handsome man in miniature has the quaintness to perch an odd little brown soft-felt hat, the sort of hat that is not on sale in any of the bazaars of the United States, exactly the hat which French Academicians affect after eighty, precisely a round, apple-shaped, borderless, almost brimless little bonnet with a dainty baby-width silk ribbon tied to a large bow to hold it on the head.

But eccentric Mr. Hill had added a touch to his peculiar hat. He has knocked it cock-eyed with three slaps, two along the sides atop and one in back. And he has also pulled down the front brim of this cock-eyed lid so that it slouches over his right eye with a rakish and a roguish impudence. And this garment never comes off. It is a part of his inimitable self.

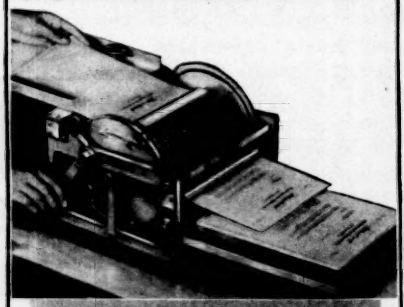
If there were weights in salesmen, as in boxers and fighting cocks, Mr. Hill would admittedly be the greatest fly-weight in the world, and this interviewer personally would match him against William Wrigley or Charlie Schwab at any weight. In the first place he is vocally fine, warm, soft, eloquent, modulated, idiomatic in tone, not fancy, without those dreadful effects of the consciously pretty voice. He also talks, as he writes, incredibly well as to construction, style, and all the rest of a difficult professional business. His gestures, too, are invisibly perfect. As for his movement on the stage of persuasion, it has the beauty of the dancer's and the boxer's art, it is overpowering. Before a great sales pep-meeting, intoxicated by the nervous pressure of a nation-wide meet-up of the boys, Mr. Hill's performance must be nothing less than sublime.

The great note of this remarkable young man—he looks under forty, refuses to tell his age, and no book of reference mentions him—the great note

• • THE NEW • •

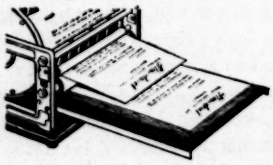
Standard

ROTARY DUPLICATOR

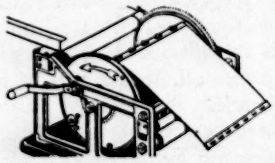


RADICALLY DIFFERENT GELATIN DUPLICATOR

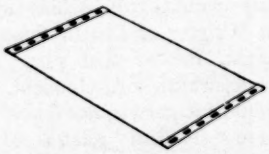
PROVIDES a speedier, more efficient and more convenient method of making copies . . . without any stencil-cutting, typesetting or carbon manifolding.



Delivers copies *Flat* — not curled. Produces 60 copies a minute — 200 to 300 from one original. Uses Bond paper — coated paper not required.



Ten seconds to change Film. Put on and removed like stencils . . . Produces *better* copies and *more* copies.



No washing or sponging the Duplicating Film, either before or after using. Films can be used over and over again.

PERFECT REGISTRATION

Turns out every copy in perfect registration — without particular care in feeding. Simple automatic operation.

Write for complete information

Standard

MAILING MACHINES COMPANY

SPRING STREET, EVERETT, MASSACHUSETTS

OFFICES IN PRINCIPAL CITIES
SERVICE EXTENDED EVERYWHERE

George Washington Hill, Advertiser

here is a highly unusual and refreshing one. It is mischief. All of Hill's talents are for roguishness, devilment, having fun and poking fun, mocking the pompous, questioning the authoritative, kidding the stupid, and above all embarrassing the innumerable national legion of hypocrites. Fortunately backed by inherited power and millions, shrewdly counselled and defended by the cleverest of lawyers—Nathan L. Miller and John W. Davis have just seen him through his latest battle—he has been able to try out on an unprecedented scale a series of advertising experiments which are perhaps the greatest criticism of our prevailing goody-goody simplicity in such matters. But most rich young men are the last people on earth able to have such ideas. It took the genius of a veritable imp of the perverse to enlighten us about our own foolishness.

AS an original and unprejudiced mind Mr. Hill instinctively struck straight back to first principles in advertising and in commerce generally. To him the rest sounded just like buncombe. To advertise meant to shock, meant to have an idea which would make smokers stop dead in their tracks, look long and well, and then react with a little thinking. With the largest advertising budget in the world behind him—$19,000,000 a year at present—he rode right over all the professional deformation of the classical advertising agents and initiated throughout the land a campaign which for essential humor had up to that time never been equalled. He touted his cigarettes as a medicine for sore throat! The effrontery of it is so enormous that it is doubtful whether H. G. Wells himself did not credit the pleasantry to some later imaginer of another Tono Bungay. It took, it caught on, or at least the sales of Luckies vaulted by millions and billions, which is the only way there is of telling, it would appear.

When the shock of this novel doctrine wore off a bit, resourceful and eager Mr. Hill, returning again to first principles, revived the testimonial and made it live again on the grandest scale in history. The greater its absurdity the greater its success. But that was not enough for the Hill sales ambition. Spurred on by dizziest success this most original of practical psychologists determined to teach a nation of matrons and maidens that if they did not want to fall before the most horrible and dreaded of all fates—i. e., to get fat—they most do only one thing. They must smoke instead of eating candy. Naturally the uproar was tremendous. Hitherto Mr. Hill had amused the sophisticated, astounded his competitors, and shocked the stupid into an attentiveness almost of awe. But now he had the whole universe of candy folk, Congressmen and all, on his back.

At last the Federal Trade Commission finally did land on him. But not very hard, after all. And what did he do? He kept on smiling through those virile teeth, did over his copy in a way which changes its sense not one whit, and sits there today, master of the market, saying the same old thing, singing the same old warning. By a masterpiece of comedy worthy of a French farce writer he added the horrifying drawing of that fatter silhouette of doubled and redoubled chins, just by way of strengthening up the stuff because of the suppression of the single word "sweet."

HIS latest, and worst—or best, if you take it humorously—is the grand new campaign on the cigar without any spit on its end. For audacity it outdoes all the genius of bad breath and the intricacies of personal hygiene. What Mr. Hill is after is perfectly obvious. He wants to put the cigar business back on the tobacco map. Perhaps there is profit in it. Who is there to deny that he is on the right track again? Has he not sufficiently demonstrated that he is the magician of them all? Testimonials has he suppressed, but was he not already tired of them? How many new schemes are not already stewing in his fertile brain? So young a man, and of such startling genius, he should keep the nation amused—and purchasing—for another generation at least.

The late great Professor Richards o Harvard, a chemist Nobel rewarded had an odd way of throwing off little sayings that were water-tight. Once, traveling in a French train, he was bored for some hours by a professional advertising talk which was delivered at his son, now a professor at Princeton, by a former classmate who had made this art his career. When the advertising man left the train the young savant asked the elder one: "Father, do you believe there is anything in advertising?" The reply is remembered by the learned world: "Son, advertising is to our American world what theology was to the Middle Ages. It is its Be-All and its End-All." And George Washington Hill is its prophet.

Mr. Worth *submits* . . .

SOME VERY SPECIFIC RECOMMENDATIONS

MEET Mr. Worth. He is rather an unusual Truck and Bus tire Distributor. Really, he is a Transportation Engineer.

He would hardly "drop in" your office with a "special proposition" or call "to see if you need tires soon."

Not this Mr. Worth.

Primarily, he studies your equipment before interviewing you. He knows the "why" of your operating conditions. That "why" is important.

Mr. Worth will know the loads your vehicles carry, the routes traveled, the equipment used. He knows the relation of mechanical factors on your trucks and buses to economical tire transportation — wheels, rims, brakes, alignment.

With this he knows how to *adjust* and *control* these factors.

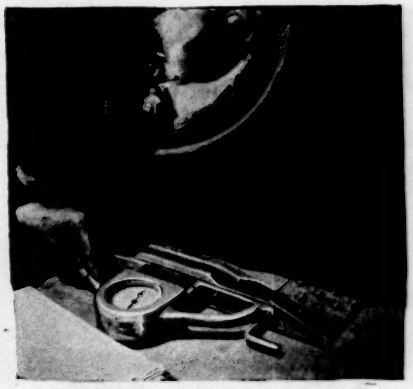
So that when Mr. Worth does call, he submits a well tabulated report showing the condition of your fleet by *vehicle*. It contains very specific, corrective recommendations.

Visualize this report carefully — "vehicle No. 15 needs larger size tires, No. 22 would operate more economically on balloons, the tire on the left rear of No. 8 should be repaired," etc.

This is but part of a Standardized Goodrich Service Program.

And Mr. Worth is the Goodrich Truck and Bus Distributor—here, there, and everywhere. He operates in every nook and corner of the United States. His services are available to *you* immediately.

The B. F. Goodrich Rubber Co., Established 1870, Akron, Ohio—Pacific Goodrich Rubber Co., Los Angeles, Calif. In Canada: Canadian Goodrich Co., Kitchener, Ontario.



Goodrich Distributors use "Loadometers," which weigh each wheel individually and quickly indicate excess load. Only in such specific services, that detect and correct common tire abuses, such as overload, can the more general problem of "reducing costs" be approached.

Goodrich HEAVY DUTY Silvertowns • • ***another B. F. Goodrich Product***

32,000 *Different Rubber Articles* • Goodrich Silvertowns • Zippers • Rubber Footwear
Drug Sundries • Soles • Heels • Hose • Belting • Packing • Moulded Goods

EDISON:

Is it true that, with an Ediphone, our average dictator can gain a month a year?

YES. With an Ediphone always at his desk, he is free to think and act independently of all office restrictions. This easily gains a half-hour a day or a month in the business year.

Let us prove this. Telephone "The Ediphone," your City, or ask us for the book, "An Easy Way to Chart Your Correspondence."

THOMAS A. EDISON INC.
ORANGE, N. J.

Ediphone
Edison's New Dictating Machine

World-Wide Service in all Principal Cities

Wide Reading

FACTS AND FIGURES OF ENGINEERING CONSTRUCTION. *Engineering News-Record.* February 6. Annual review issue with discussion of largest projects for 1930.

THE STEEL MILLS TODAY. E. M. Hartl and E. G. Ernst. *New Republic,* February 19. Reforms promised in 1923 have been ignored. The 8-hour day remains almost a myth in the steel industry. More than 50% of all workers are still working 10 or more hours a day—some of them seven days a week.

THE YANKEE INVASION. Marvin M. Black. *Outlook,* February 12. Stock-taking of our commercial and financial relations with South America shows rapid strides in recent years—growing markets—increased receptivity for U. S. products.

HOW AUSTRALIA'S FARM RELIEF WORKED. Stephen Bell. *Commerce and Finance,* February 12. Our Farm Marketing Act is in essence but a colossal replica of what Australia has already tried and found ineffective.

U. S. S. R. IN CONSTRUCTION. Amtorg Trading Corporation, Book Department. Soviet monthly in four languages, including English, telling, through pictures and brief description, of rapid industrialization.

RAILROAD USE OF ALUMINUM ALLOYS. *Railway Age,* February 8. Western Railway Club discussion indicates economic advantages of this material and practicability from shop-fabrication standpoint.

A CHALLENGE TO THE FEDERAL FARM BOARD. Jesse E. Pope. *Atlantic,* March. With $500,000,000 resources, the Federal Farm Board has begun a policy of loans and price regulations both uneconomic and dangerous, and against experience. Mr. Pope considers the question of gravest importance.

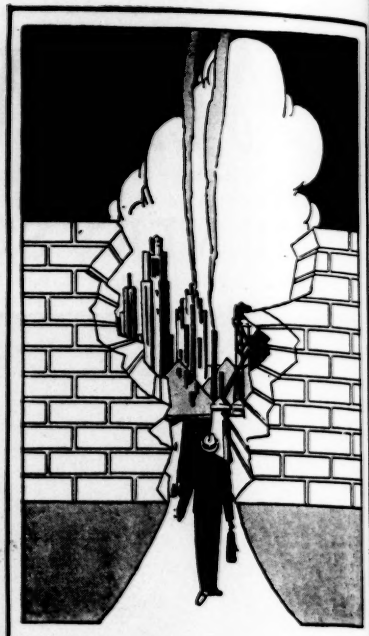
REPORTS—SURVEYS

CHILTON AUTOMOTIVE MULTI-GUIDE. Chilton Class Journal Company. Semi-annual. For automotive users, manufacturers, retailers, service and repair men, suppliers. New directory containing unusually large amount of valuable automotive material including interchangeable parts tables of more than 100 items; replacement parts information; car serial numbers; orphan parts sources; buyers' guides.

MAINE AS AN INDUSTRIAL STATE. Lockwood Greene and Company. Maine Development Commission. Engineer's report of industrial possibilities of State; indicates valuable resources in location, labor legislation and power.

WEST VIRGINIA. Department of Agriculture, Charleston, W. Va. A 24-page book describing industrial, marketing and transportation conditions, as well as natural resources.

THE COTTON INDUSTRY OF JAPAN AND CHINA. Arno S. Pearse. International Federation of Master Cotton Spinners' and Manufacturers' Associations, (England, £1. 1s) 245 pp. Every aspect of the cotton industry in Far East.



Breaking Down Sales Barriers

WHEN an impasse of sales-resistance is reached—when prices are too low or profits unsatisfactory or when products fail to move—the staff of the Pittsburgh Testing Laboratory may hold the solution.

Here at your service is a nation-wide organization of engineers and chemists who have made *science* a valuable ally to business for nearly half a century and who combine the sales slant with the scientific viewpoint.

They can help you gather irrefutable proof of the merit of your product or suggest ways and means of improving its quality and interpret their findings in a simple and usable manner.

A 32 page Brochure tells you all about this service in interesting detail. Sent free upon request.

PITTSBURGH TESTING LABORATORY
PITTSBURGH, PA.

Branch Offices in all Principal Cities

PITTSBURGH TESTING LABORATORY
ANALYSIS INSPECTION TESTING RESEARCH
ENGINEERS AND CHEMISTS

WHAT THE LEADERS SAY

BRITISH Economist J. M. Keynes, addressing the National Mutual Life Assurance Society in London:

"In my judgment the next economic storm is centering, neither in Britain nor the United States, but among the great producers of raw materials overseas. For significant signs of recovery from further deterioration it may not be so important to consider New York and London as to watch Australia, South America, Asia and Central Europe areas, which are being reduced to grievous distress by the combined circumstances of a fall in prices for their products and the difficulty of obtaining funds."

WALTER HOVING, executive vice-president of R. H. Macy & Company:

"As soon as the American manufacturer wakes up to the fact that the designing of his merchandise is as important and as technical a problem as his production and selling functions, he will begin to make headway along these lines. Engineers, factory efficiency experts, production experts and sales managers should not be the arbiters of good taste and good design. This work should be done by expert stylists."

STUART CHASE looks at the maze of modern business, eulogizes the engineer:

"By all odds the noblest aspect of our civilization is found in our engineering works. . . . Prosperity in any deeper sense awaits the liberation of the engineer. If the owners will not get off his back—and why should they; they pay him little enough and he fills their safe deposit boxes?—I would not be sorry to see him combine with the wayfaring man to lift them off. A complicated technical structure should be run by engineers, not hucksters. But the technician is the modern Prometheus in chains."

SAID David Sarnoff, recently elected 39-year-old president of Radio Corporation of America:

"I am convinced that as a nation we have much to gain by encouraging such unification of industry as would ultimately lead to reasonably balanced programs of production in intelligent relation to market possibilities so that industrial prosperity might not be checked by purely speculative waves."

JUST as hundreds of manufacturers in many different industries have reduced production costs you can do the same.

Eighteen concrete examples showing how YPS Redevelopment Engineers have helped cut costs will be found in the new book, "Adventures in Redesign," one page of which is shown above. And this book tells, too, how weight has been reduced, breakage eliminated, strength increased, assembling simplified, eye value added and new markets opened up with Pressed Steel.

Without the expenditure of a single dollar — without the slightest obligation — you can easily take advantage of this YPS Cost Cutting service. Send for this "FACT" book today. Pin the coupon below to your business letterhead.

"Press it from Steel Instead"

YPS

THE YOUNGSTOWN PRESSED STEEL CO.
102 UNIVERSITY ROAD, WARREN, OHIO

Please send me a copy of your new FREE book, "Adventures in Redesign."

Name..... Title.....

But that was yesterday—

YESTERDAY the marketing of goods was largely a matter of producing enough to meet demand.

Today it's a matter of finding enough demand to keep machines and men in motion.

Yesterday markets like Chicago were covered on a mass basis—a sale missed here and there was all in the game.

Today circumstances force the closest scrutiny of such a market's remotest corners—and such scrutiny requires a minutely detailed knowledge of that market.

Such knowledge of the Chicago market is best available through the Chicago Evening American. Challenge the Boone man to prove that to you.

CHICAGO EVENING AMERICAN

a *good* newspaper

●

National Representatives
RODNEY A. BOONE
ORGANIZATION

Now in its ninth year of circulation leadership, in Chicago's evening field, the Chicago Evening American gives, to those who use it wisely, unequalled access to Chicago's great home market.

Swift Survey of Business Abroad

EUROPE

By Special Cable to The Business Week

BUSINESS conditions continue featureless without indication of forming any marked trend. The steel cartel made its expected advance in prices and, it is reported, opened a contact in the United States looking towards intercontinental regulation of production. Fall of the French cabinet is the only notable event on the Continent and is delaying action at the London conference and at the Tariff Truce conference in Geneva.

By Special Cable to The Business Week

Great Britain—Daily business continues mixed, but there is a fair volume of long-term trade. But business is perturbed at the prospect of a budget deficit and increased taxation. The growing exodus of capital is already called "flight from the pound." There is increased expectation daily that the budget and Coal Bill issues will require new elections. Nevertheless, money is still easy. The Hatry settlement has eased the situation on the stock market; investment classes are stronger; speculative, significantly ignored.

Coal is dull; iron and steel improvement has not been maintained. Manchester common reports first expansion orders after lowest ebb of January exports, while Lancashire weavers, in their return to a higher wage scale, are expected to waive the question of a limit on the number of looms per attendant, which marks a step towards automatization of the industry, at present only 5% accomplished. Business remains skeptical of the usefulness of the Economic Advisory Board, notwithstanding its strong personnel, admitted to be impartially representative of industry, banking, and labor.

By Special Cable to The Business Week

Germany—General business continues depressed although there is incipient, if sporadic, manufacturing improvement. The weakness of agricultural and working class purchasing power is expected to permit only gradual recovery, although exports are active. To relieve serious congestion in rye areas, the government has appropriated $5,000,000 to buy and carry the surplus rye crop of last season. A bill also is pending which will limit the admixture of wheat flour in rye bread to 5%. The merger of farm cooperative centrals with 37,000 member cooperatives, strengthens the farm bloc.

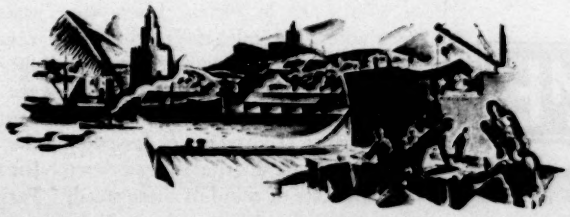
German Standard Electric, joint subsidiary of International Telegraph and Telephone Company and AEG, acquires Berliner Telephone Manufacturing Company. Both Germany and Austria are increasing American participation and completing the division of the industry between Siemens and Standard. RCA is negotiating for the purchase of Emelka, the country's second largest movie theatre chain. Important ruling of the supervisory insurance board on American pre-war life policies makes them payable at 15% of the original Mark value. Liquidation of this long-standing insurance dispute is expected to reopen the field, and establishes a precedent solution for an analogous problem in other European countries.

By Special Cable to The Business Week

France—Business is vigorous and is not expected to suffer from the present political crisis unless it is protracted. The defeat of the government is the result of its rejection of business, especially banking, demands for further tax reductions, and an uncompromising adherence to the policy of overtaxation. Meanwhile, the money market continues to be saturated, notwithstanding the fact that heavy exports of francs are expected soon to bring an outward gold movement. Crédit Lyonnais accords to the Finnish Credit Institute a 5% loan of Fr. 300,000,000.

By Special Cable to The Business Week

Italy—The stability of the lira is questioned but business is tending to improve and security values to recover. Return to full-time schedules in the artificial silk industry, especially in the knitting and weaving divisions, makes it relatively the most prosperous section for this industry in Europe. Imports of industrial materials are rising. Wheat imports are expected to begin in June. Credito Italiano, already associated with Banca Nazionale di Credito, completes the merger, the former to continue the general banking business, the latter to specialize in investments. Other mergers are expected. The railway car builders have established a joint export finance company.



U. S. Dept. of Commerce

Poland—To counteract the activities of the Czechoslovakian Bata shoe concern in Poland, efforts are now being made by representatives to bring about a cartel of Polish shoe factories.

FAR EAST

U. S. Dept. of Commerce

China—Shanghai customs collections show a decrease of 36% in imports and 3% in exports for January as compared with a year ago. Shipments to the United States during the months had aggregate dollar value of $4,480,000 as compared with $5,124,000 in January, 1929. Incessant preparations for renewed military operations are hampering trade in North China. Through express trains operating on the Peiping-Hankow and Tientsin-Pukow lines preempted by the military. Business is stagnant in Manchuria, with more optimism evident in the North than in the South.

U. S. Dept. of Commerce

India—An upward turn in import trade is indicated by customs collections in January. Favored commodities are sugar, tires and tubes, railway equipment and rolling stock.

U. S. Dept. of Commerce

Australia—Further restriction of federal loans voted by Federal Loan Council. Commonwealth Bank to ship £7,000,000 gold to London to meet accruing obligations. Embargo on peanuts extended. Wool is firm in recent sales.

LATIN AMERICA

U. S. Dept. of Commerce

Argentina—Corn acreage is officially estimated at 13% over last year but output will be smaller due to drought, heat and smut. Exchange is fluctuating violently; 15,556,000 gold pesos shipped to embassies and legations abroad to date.

U. S. Dept. of Commerce

Brazil—Exchange is slightly weaker although $6,000,000 in gold was shipped to the United States on February 13. Santos coffee exports continue heavy at firm prices. Slight improvement is apparent in import trade at Rio de Janeiro.

AFRICA

U. S. Dept. of Commerce

Egypt—New tariff schedule, enforced February 17, increases duties on practically all imports. Sugar and matches especially hard hit. Ports congested with excessive imports to avoid new tariff rates.

VITAL to Profits *for* *Any* Location

Neon tube combined with Raised Glass letters for maximum day-and-night attraction.

PROGRESSIVE businesses, seeking new customers and greater profits, utilize electric signs to impress their *name*, *location* and *product* upon the distant as well as passing throng, both day and night.

Where advertising effectiveness and permanence of construction is desired, they choose electrics built by Flexlume. With the facilities of the largest electric sign plants in the world and one million dollar financial responsibility, Flexlume value is naturally great . . . its service dependable.

Why not ask a trained Flexlume representative to present the facts and submit color sketches, without obligation, of one or more distinctive electrics to fit your exact needs and requirements? Address FLEXLUME CORPORATION, 3131 Military Road, Buffalo, N. Y.

ELECTRICAL
FLEXLUME
CORPORATION
ADVERTISING

Neon Tube... Raised Glass Letter... Exposed Lamp or Combination

Sales and Service Offices in Chief Cities of U. S. and Canada

After Office Hours . .

"IF I asked you about world business, you'd ask me—'Whadya mean, "world"? China, Africa, South America, or where?' But if I asked you 'How's business here at home?', you'd probably try to tell me." Thus one brass-tacks executive in a recent after-office-hours chat.

"You shouldn't! We're not as big as the globe, but we're big enough to be about as spotty as any dozen foreign countries.

"For instance, there's Iowa. I find they expect a 10% better 1930 than 1929—and are already beginning to get it! With only a half dozen stock tickers in the whole state, the only slump they know about out there is the one in 1921—with the farmer coming back from that stronger every year. In '29 they stood second on the list of states purchasing the ready-made clothing of one of the country's higher-priced houses. Around $50 millions has already been appropriated for public improvements in '30. So I'll dare you to try to cover the business situation out there and also in, say, Massachusetts in 20 words. They're both United, but they're as different States as Greenland's icy mountains and India's coral strand.

"It's the same way with much of Kansas, Colorado and Oklahoma—also parts of Texas, New Mexico and Arizona; you can't tie them up in any sentence—or any business policy—with parts of Montana, for instance, where they tell me things are quiet.

"Other spots consist not of regions but of people. Just now it's slow with those who work in certain lines—like radio or autos. But take the teachers, or the government clerks and such, in every state capital or in Washington, D. C. Outside of Chicago: have you heard of anybody cutting *their* wages or lessening *their* hours? Even in the slowed-down regions, the state of mind of these steady earners and buyers ought to be as different from that of people in certain industries as if they lived in China!

"The biggest obstacle to this spot—this selective—idea? My associates here at the office! They all suffer from the mood of our particular town—which isn't so good. They meet the boys at the club and they think they're acting like big executives when they talk about 'general conditions'. All they're really doing is talking themselves into a justification of the mood they've found easy ever since they lost money in Wall Street.

"But they're getting better—these fellows—especially now that we're getting some splendid and profitable orders from some of our new spots, besides spotting some of the other places where we've always gotten orders but without any net profit."

▼

SPEAKING of research, has anyone investigated the extent to which last October's Wall Street hurricane affected Mr. Average Investor's belief in either Nature or Providence? Surely he must have been at least tempted to follow the example of the thoughtful Britisher mentioned at the Harvard Club by Toastmaster Thomas W. Lamont, Harvard '92, ex-*New York Tribune* reporter, partner of J. P. Morgan, deviser of the Young Plan.

After viewing Kenilworth Museum's meteorite, whose falling was described as having imperilled the lives of a dozen English farm-laborers, the Islander remarked:

"Dootless, God been good; but, dootless, also 'e been some'at careless!"

▼

"INSTEAD of helping to sell more cloth, the longer skirts will actually lessen sales," the head of a big New England cotton textile concern told us last week. "The reason is that the new long styles require much more fitting than the shorter and looser ones. As a result, the cost of fitting so increases the price of the longer dress that women are going to buy fewer dresses." Of course, if it doesn't work out that way, the dress industry has a double reason for making merry over the new edict of Paris.

THE UNIVERSITY of the NIGHT

THE YOUNG LINCOLN, poring over borrowed schoolbooks far into the night—seeking in the dim light of his log fire the transforming light of knowledge—eager to grow—eager to do—here is a picture that has touched the hearts of men in every country on the earth—here is an example which, for threescore years, has inspired the man who strives against the odds of circumstance to make his place in the world.

Tonight, in cities and towns and villages, on isolated farms and on the seven seas—thousands of men will drop their daily labors to fight, beneath the lamp, the battle that Lincoln fought—to wring from the hours of the night the education of which circumstance deprived them in the days when they might have gone to school.

Up from the mines, down from the masts of ships, from behind counters and plows, from chauffeurs' seats and engine cabs, from factories and offices—from all the places where men work they will go home and take up their books because they yearn to grow, because they seek higher training, greater skill, more responsibility, lives more profitable, and work more satisfying.

Two generations ago these men, some of them married, all of them with a living to earn by day, would have had no place to turn for the courses of study and the personal guidance they need.

But in response to their want a school was founded — a school that *goes to them* no matter where they are — a school whose courses are prepared by the foremost authorities, whose textbooks are written for study in the home, whose instructors guide their students by personal correspondence.

Beginning with a single course in coal mining, the International Correspondence Schools have grown today to an institution with 241 standard courses and scores of special courses, covering practically every technical and business subject.

In the thirty-eight years of its history the I. C. S. has furnished instruction to nearly four million men. Many of them now occupy positions of leadership in their fields. Most of them have been helped to greater earning power, to higher skill or craftsmanship, to the added character and good citizenship that come with increased knowledge.

For the most part, these Scranton Schools have served men who could have been served by no other type of educational medium. They have served a larger number, and in a greater number of fields, than any other educational institution.

If you wish to learn more about the work of the I. C. S., write for the booklet, "The Business of Building Men."

INTERNATIONAL CORRESPONDENCE SCHOOLS

FOUNDED 1891
SCRANTON, PENNSYLVANIA

MEMBER, NATIONAL
HOME STUDY COUNCIL

FOR WEEK ENDING FEBRUARY 22, 1930

EDITORIAL

THE BUSINESS WEEK
A McGRAW-HILL PUBLICATION

More Juice, Please

IT HAS BEEN said that an economist, nowadays, is an expert fellow who can explain why business, being fundamentally sound, is so quiet. Some serious consideration of this question is needed at this time. Although recovery has taken place in some lines this January, as might be expected after the sharpest business recession since 1921, there is a widespread and disquieting uncertainty as to how far this recovery will go and how long it will be before normal levels of activity will again be approached. The drastic world-wide deflation of commodity prices has intensified this uncertainty in recent weeks.

A full and vigorous upswing of business back to normal cannot get under way until business confidence is sufficiently restored to make it willing to borrow money and put a stake on the upturn of markets and prices. Funds must be available, but the initiative in putting them to use rests ultimately with individual business men.

But even though business men were to become more willing to take a chance on the immediate prospects, revival is bound to be unduly retarded, if indeed a prolonged depression is not forced upon us, unless a further fundamental factor in the situation is speedily altered. Central bank rates have been speedily reduced in this and other countries, and money for the most liquid loans has eased markedly, but credit is still being too greatly restricted to permit prompt and full business recovery. In fact, in face of a drastic business recession and collapse of commodity prices in the past three months, there has been a marked contraction of total credit in our Federal Reserve System.

There are clear signs that in the present situation our banking authorities are being guided in their policies not so much by the actual necessities of the situation as by a paralyzing conservatism and a superstitious fear of raising another bottle-genie of speculation which they could not control. The nightmare of the Great Bull market still haunts their sleep.

No doubt, in parts of the banking system, assets congealed in the market crash still prevent much freedom of movement; but the strength of the Reserve System as a whole is so great that banking timidity and tradition can afford at this juncture to give way somewhat to the paramount responsibility of stimulating business expansion in time of depression and uncertainty—a responsibility second only to that of protecting the safety of deposits and maintaining monetary standards, about which there can be no question now.

At such a time, not only must business men be willing to take a chance, but bankers, too, must risk something to encourage them. Since the effects of credit changes are at best slow, prompt, elastic action is essential. Rediscount rates should be further reduced, even to 3%, and open market operations enlarged when the spring pressure for funds begins about March first.

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